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Tobacco Situation

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Economics, Statistics,
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TS-168

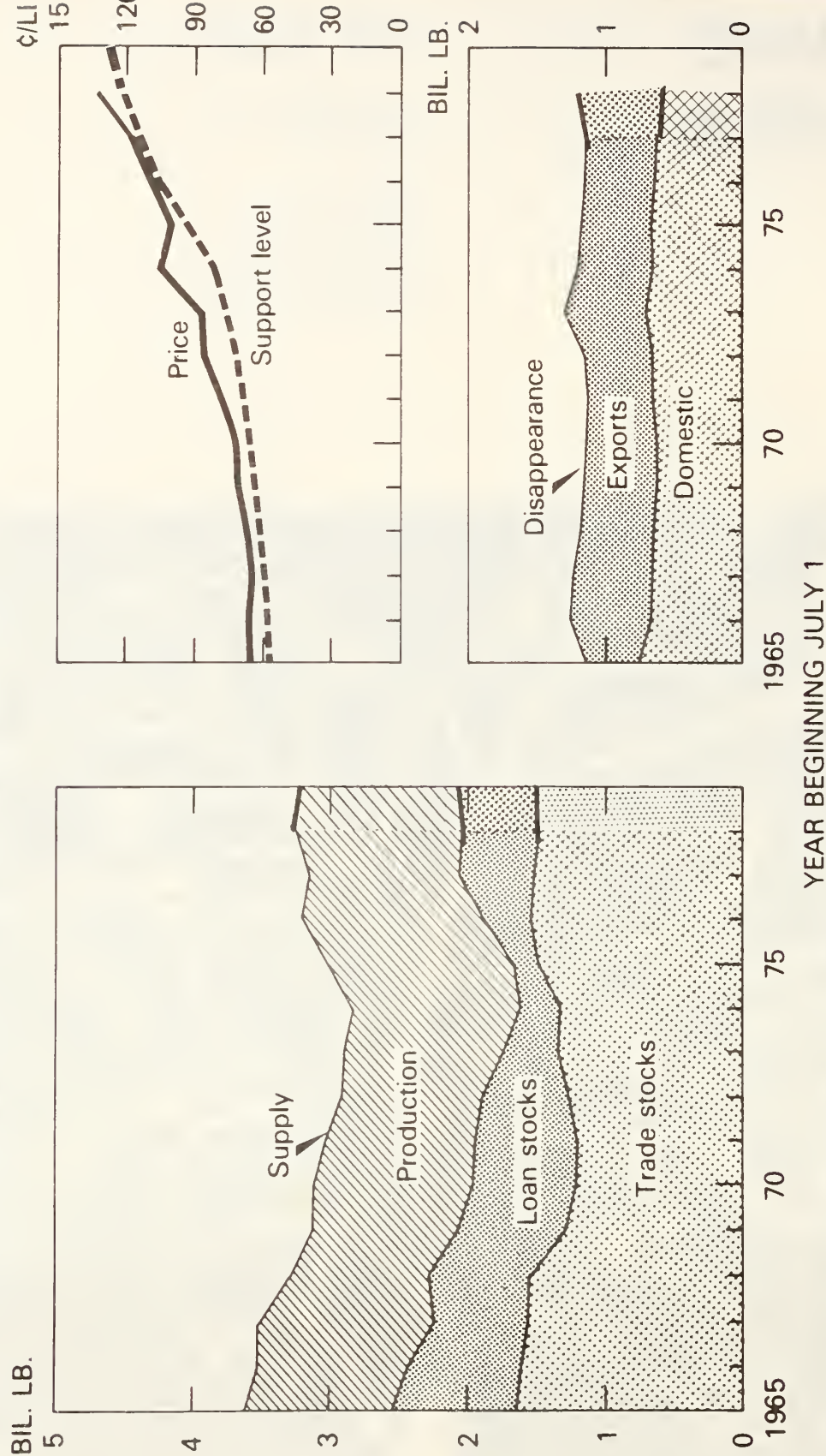
U.S. Department of
Agriculture

JUNE
1979

Approved by the
World Food and
Agricultural Outlook
and Situation Board



FLUE-CURED TOBACCO: SUPPLY, PRICE, USE



Trade stocks include manufacturers' and dealers'. Latest year forecast.

USDA

NEG. ESCS 223-C-79 (2)

THE TOBACCO SITUATION

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Approved by
The World Food and Agricultural
Outlook and Situation Board
and Summary released
June 8, 1979

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The *Tobacco Situation* is published in March, June, September, and December. Subscription for single issues is available at no charge upon request to principal contributors.

SUMMARY

Leaf exports are pacing a gain in use of U.S. tobacco in the 1978/79 marketing year while a stable pattern prevails for domestic cigarette sales. However, total disappearance is falling short of 1978's output, and carryover by July 1 (October 1 for burley and other kinds) will rise slightly from last year's 3.5 billion pounds.

Cigarette exports continue to gain briskly so cigarette output for the year ending June 30 may rise about 2 percent above the 685 billion cigarettes produced in 1977/78. A modest gain in U.S. cigarette output is expected in the second half of 1979. Output of smokeless products (snuff and chewing tobacco) is also increasing in 1978/79, but cigar and smoking tobacco production continues below a year earlier.

Unmanufactured tobacco exports for July 1978-April 1979 totaled 9 percent above a year earlier (export weight). So shipments for the year ending June 30 will exceed the 617 million pounds (699 million pounds farm sales weight) of July 1977-June 1978. Several European manufacturers who decided to rebuild stocks of U.S. tobacco account for most of the gain.

Prospects are for a 10 percent smaller U.S. crop in 1979 at prices averaging the same or slightly higher than in 1978. With the rebuilding of tobacco holdings overseas completed, a lower level of purchases from the 1979 crop is indicated. Thus, U.S. unmanufactured tobacco exports for July-December 1979 will fall below the record total of 406 million pounds (export weight) during the second half of 1978.

Flue-cured tobacco exports in July 1978-April 1979 were above a year earlier. Some European Community destinations, particularly the United Kingdom, substantially boosted imports due to a stock increase. For the year ending June 30, about 470 million pounds (610 million, farm sales weight) will be exported, 13 percent more than 1977/78. Burley exports for the crop year ending September 30 are expected to exceed last year's high level of 84 million pounds (117 million, farm sales weight).

During July 1978-April 1979, U.S. cigarette leaf tobacco imports for consumption were 253 million pounds (declared weight), a 6-percent gain from a

year earlier. U.S. manufacturers' stocks of imported cigarette tobacco on April 1 were 6 percent above a year earlier, while domestic stocks of foreign-grown cigar tobacco decreased 1 percent.

Despite steady cigarette output, domestic flue-cured use for the year ending June 30 is below last season's level. But with the larger exports, total disappearance of flue-cured tobacco will exceed the 1.15 billion pounds of last season. This year's disappearance still falls below the large 1978 crop, so the July 1979 carryover of flue-cured will edge above the 2.1 billion pounds of a year earlier.

April planting intentions point to 10 percent less flue-cured acreage than last year. With average growing conditions, a crop one-eighth below last season would be indicated. For the new season, total supply (estimated carryover plus the projected 1979 crop) may be down 3 to 4 percent. Despite a smaller crop this season and a 7 percent higher support level, reduced foreign buying means prices would do well to equal the average of last year. The Crop Production Report to be issued July 11 will include a production forecast based on yield surveys conducted about July 1.

Opening dates for the flue-cured crop auctions will be recommended to USDA on June 21. Sales starting the second half of July are likely. The grower designation provisions remain in effect. To receive price support, growers must plant within

the farm acreage allotment; those who have agreed to keep the 4 lower leaves in the field can plant up to 10 percent more than their allotment; also, growers must certify that they did not use DDT, TDE, toxaphene, or endrin pesticides on their crop.

Burley tobacco use may total somewhat less than last season's 611 million pounds and also below last season's marketings. Thus, the October 1 carryover is expected to rise from last year's 1.2 billion pounds. The farm poundage quota is 3 percent less, but growers in 1979 are expected to market a crop close to last year's size and bring total supplies for 1979/80 a little higher.

Auction markets for the 1978 crop Maryland tobacco began April 10 and ended May 31. Prices averaged \$1.22 per pound, 7 cents more than a year earlier. Disappearance of Maryland tobacco in the current marketing year may rise above last season as exports are up sharply.

With larger supplies at sharply lower prices, use of fire-cured is increasing from last marketing year. Dark air-cured tobacco use may decline. Domestic cigar leaf use may stabilize. Cigar production continues to drop but chewing tobacco output is gaining. Estimated use for most of these types of tobacco will fall short of last year's crops, leaving larger carryovers into 1979/80. Tentative supplies for next season are slightly higher than the season now ending.

TOBACCO PRODUCTS

Exports Boost U.S. Cigarette Output in 1978/79

Cigarette consumption remains level, partly due to the anti-smoking campaign. U.S. manufacturers shipped about the same quantity of cigarettes for domestic use from July 1978-April 1979 as in the comparable period in 1977/78. Consumption by U.S. smokers (including those overseas) in the year ending June 30 may have changed little from last year's 618 billion cigarettes (table 2). Domestic cigarette use is expected to continue steady during July-December 1979.

Total output in 1978/79 is estimated to reach 700 billion cigarettes, about 2 percent above last year's level. This includes about 90 billion cigarettes for export and overseas shipments. Exports gained 10 percent through April, reflecting the continued growth in worldwide preference for U.S. cigarettes (table 1). Unlike other recent years, the 12-month inventory change was relatively small despite some major month-to-month shifts.

As estimated by State tax data, unit cigarette sales in January-April 1979 were up 1 percent from a year earlier. There was an additional sales day this year. Also, sales were shifted within the 4-

month span when wholesalers added inventory before the January price increase and also before

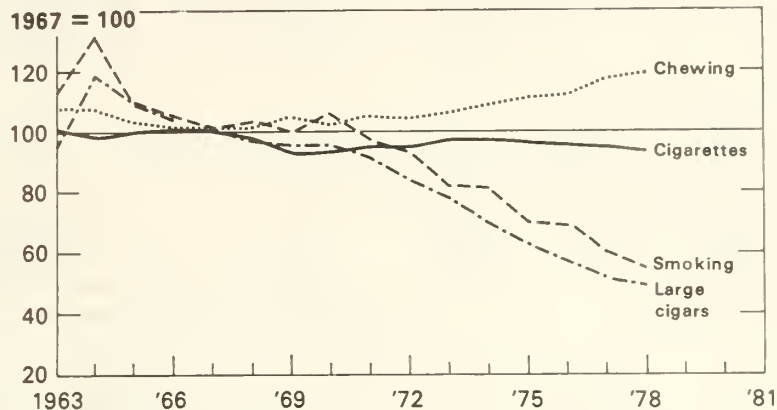
Table 2—U.S. cigarette exports to leading destinations, 1977-79

Country	1977	1978	January-April	
			1978	1979 ¹
Billions				
Beigium-Luxembourg . . .	11.6	13.6	2.4	4.0
Hong Kong	5.6	6.2	1.8	1.8
Netherlands Antilies	4.1	4.5	1.3	1.6
Japan	3.3	3.8	1.1	1.3
Iran	8.2	8.4	3.8	*
Saudi Arabia	3.5	3.9	1.2	1.4
Spain	4.3	3.4	1.4	1.0
Federal Republic of Germany	2.4	1.7	.5	.2
Kuwait	1.6	1.8	.6	1.2
United Arab Emirates . . .	1.2	1.7	.5	1.9
Canary Islands	1.8	1.6	.5	1.1
Netherlands . . . . .	.4	1.7	.2	.6
Lebanon	1.9	1.8	.5	.1
Panama	1.3	1.5	.6	.6
Other countries	15.6	18.8	5.4	7.4
Total	66.8	74.4	21.8	24.2

¹ Subject to revision. * Less than 50 million.

Compiled from publications and records of the Bureau of the Census.

PER CAPITA CONSUMPTION OF TOBACCO PRODUCTS^o



^o PER MALE 18 AND OVER, EXCEPT CIGARETTES PER PERSON 18 AND OVER. LATEST YEAR PRELIMINARY

USDA

NEG. ESCS 3105-78 (9)

Table 1.-- Cigarettes: U.S. output, removals, and consumption, 1970-79

Year	Output	Removals						Estimated: inventory: increase	Total U.S. consump- tion
		Taxable	Tax-exempt						
			Total	Exports	Shipments 1/	Overseas forces 2/			
Billions									
1970	583.2	532.8	51.2	29.2	3.7	18.4	14.7	536.5	
1971	576.4	528.9	49.2	31.8	2.7	14.7	-11.4	555.1	
1972	599.1	551.0	49.0	34.6	2.1	12.3	-3.3	566.8	
1973	644.2	590.3	55.9	41.5	2.0	12.4	13.1	589.7	
1974	635.0	576.2	59.2	46.9	1.9	10.4	-12.1	599.0	
1975	651.2	588.3	62.3	50.2	1.5	10.6	-7.7	607.2	
1976	693.4	617.9	72.1	61.4	1.9	8.8	13.5	613.5	
1977	665.9	592.0	78.1	66.8	1.1	10.2	-14.4	617.0	
1978 4/	695.9	614.2	85.1	74.4	1.2	9.6	8.2	616.0	
Year ending June 30 --									
1971	585.1	539.6	47.5	29.0	3.2	15.2	10.9	544.0	
1972	592.6	542.6	50.2	32.8	2.2	15.2	-8.5	566.4	
1973	615.6	562.7	52.2	38.3	2.3	11.6	-2.2	576.8	
1974	652.0	594.9	59.1	44.9	2.0	12.2	12.2	595.0	
1975	626.8	570.3	57.4	46.6	1.7	9.1	-21.7	601.0	
1976	688.2	619.1	69.8	58.2	1.9	9.6	14.0	615.0	
1977	671.7	596.3	74.1	62.8	1.3	10.0	-9.7	616.5	
1978 4/	685.4	609.6	81.5	69.4	1.0	11.1	3.0	618.0	
1979 5/	700.0	610.0	90.0	77.0	1.0	12.0	6.0	617.0	

1/ To Puerto Rico and other U.S. possessions. 2/ Includes ship stores and small tax-exempt categories. 3/ Taxable removals, overseas forces, inventory change and imports (negligible). 4/ Subject to revision. 5/ Estimated.

Compiled from reports of the Bureau of Alcohol, Tobacco, and Firearms and the Bureau of the Census.

Table 3—Cigars and smoking tobacco: Output, removals, and consumption, 1976-79

Year and item	United States factories			From Puerto Rico taxable	Imports	Exports	Total U.S. consumption ¹
	Output	Removals					
		Taxable	Tax-exempt				

	Millions						
Large cigars and cigarillos							
1976	4,178	4,040	144	1,225	88	124	5,373
1977	3,927	3,776	134	1,098	97	117	4,988
1978 ²	3,795	3,621	164	984	99	168	4,700
	Year ending June 30—						
1977	4,047	3,864	141	1,229	92	143	5,188
1978	3,913	3,747	145	959	100	130	4,821
1979 ³	3,750	3,500	170	950	100	170	4,550
	Million pounds						
Smoking tobacco							
1976	44.6	43.7	.9	---	³ 9.9	.8	53.7
1977	40.7	40.2	.7	---	³ 7.2	³ .9	47.3
1978 ²	36.4	35.2	.8	---	9.0	.9	44.2
	Year ending June 30—						
1977	42.8	42.2	.8	---	9.5	.8	51.7
1978	37.6	37.5	.7	---	8.3	³ .8	45.7
1979 ³	35.0	34.0	.7	---	8.1	.8	42.0

¹ Total removals (or sales) from U.S. factories plus those from Puerto Rico, and imports, minus exports. ² Subject to revision. ³ Estimated.

Compiled from reports of the Bureau of Alcohol, Tobacco, and Firearms, Bureau of the Census, and AMS, USDA.

the trucking contract deadline in March. But there were fewer disruptions this year due to winter weather and State tax rates have changed little.

Cigar Volume Reduced

In the 9 months through March 1979, U.S. cigar consumption totaled 3.4 billion *large cigars* (including cigarillos), 6 percent fewer than the year before. Demand has been declining in low- and medium-price categories for several years. In contrast, demand for higher-price cigars remains strong (table 3).

Production of small cigars

(those weighing less than 3 pounds per thousand) totaled 1.1 billion in the 9 months through March 1979. For the year through June 1979, output fell one-fifth from a year earlier. The small cigar decline partly reflects the reduced level of advertising since 1972 and shifting consumer preference (table 4).

According to the annual survey by the Cigar Association of America, sales of cigarillos totaled 1.6 billion in calendar 1978, up 4 percent from 1977. Cigarillos weigh between 3 and 10 pounds per 1,000, less than half as much as the traditional cigar. Cigarillo sales (based on taxable removals)

in 1978 were 35 percent of total sales of large cigars and cigarillos, up from 32 percent in 1977. The cigarillo share reached a high of 38 percent in 1971.

Table 4—Tobacco products: Output, 1977-79

Item	Year ending June 30—		
	1977	1978	1979 ¹
<i>Million pounds</i>			
Chewing tobacco			
Plug	16.5	16.1	15.5
Twist	2.3	2.1	2.0
Fine-cut	9.1	10.9	12.5
Loose leaf	58.5	62.8	65.0
Total	86.4	92.0	95.0
Snuff	25.3	24.4	24.7
Smoking tobacco in bulk (exports)	13.4	3.4	2.0
<i>Millions</i>			
Small cigars	2,056	1,846	1,500

¹ Estimated.

Basic data compiled from reports of the Bureau of Alcohol, Tobacco, and Firearms, and Agricultural Marketing Service, USDA.

Smoking and Chewing Tobacco

Smoking tobacco production and consumption for the year ending June 30 is showing a continuation of the downtrend since 1970. In the first 9 months of 1978/79, domestic smoking tobacco output fell 11 percent. Imports also declined and total domestic sales dropped 8 percent

to 35 million pounds. Declines occurred in sales of domestic tobacco for both pipes and roll-your-own cigarettes.

Smokeless tobacco output in 1978/79 is estimated above the previous year. Gains are occurring in production of loose-leaf and fine-cut tobacco (table 4).

U.S. EXPORTS AND IMPORTS

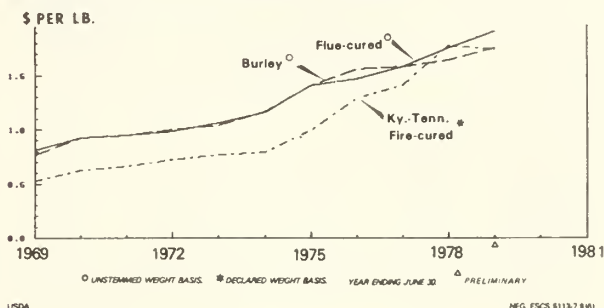
Leaf Export Gain Slackens: High Level for Marketing Year

For the year ending June 1979, exports of unmanufactured tobacco are estimated well above the previous 12 months' 617 million pounds, export weight (706 million, farm sales weight). During July 1978-April 1979, shipments increased 9 percent to 613 million pounds. The average unit value of exports increased 12 percent. However, January-April exports of 197 million pounds were 14 percent below the same period in 1978. The seasonal peak in shipments to Japan, the EC, and other European markets came in late 1978 (table 5).

Flue-cured tobacco in the July-April period was up 12 percent, accounting for most of the gain in total exports. Gains also occurred for burley, Maryland, and Kentucky-Tennessee fire-cured tobacco. Virtually all the EC countries took more, but United Kingdom, West Germany, and Italy are the leading EC destinations. Japan, however, took less, due in part to reduced cigarette sales and large domestic production. Part of the gain in EC takings was recorded as arriving in the United Kingdom, but a sizable share was transshipped to West Germany.

Exports for the rest of 1979 are unlikely to reach the record 406 million pounds of July-December 1978. More likely, exports will approach the average of 320 million pounds for those months in

AVERAGE TOBACCO EXPORT VALUES



1973-77. Reduced U.S. supplies of flue-cured tobacco this season and reduced foreign inventory demand will hold down our exports in the upcoming marketing year. Also, the value of the U.S. dollar has strengthened relative to a number of foreign currencies, adding further to the cost for foreign buyers.

Imports Continue To Gain

U.S. unmanufactured tobacco imports for consumption (factory use) during January-April 1979 were 21 percent above the level of a year earlier (table 6). Scrap, both for cigars and other products, as well as stems gained. Cigar leaf categories declined while cigarette leaf stabilized. Tobacco import costs remain very competitive but the decline in cigar output has reduced its tobacco requirements.

January-April 1979 arrivals of tobacco (general imports) totaled 27 percent larger than the same period a year earlier. U.S. purchases of both cigar and cigarette tobaccos (primarily oriental kinds) gained. By April 1 of this year, stocks of foreign-grown cigarette and smoking tobacco in the United States gained 35 million pounds, 6 percent above a year earlier.

Trade Negotiations Concluded

The Administration recently concluded the "Tokyo Round" of multilateral trade negotiations under the General Agreements on Tariffs and Trade (GATT). Aimed at reducing world trade bar-

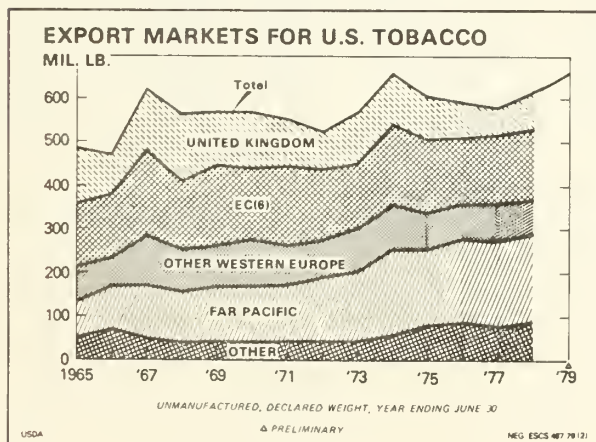


Table 5—United States exports unmanufactured tobacco by type and to principal importing countries, 1969-79

(Declared weight)

Type and country	Average 1969-73	1975	1976	1977 ¹	1978 ¹	January-April		1979 as a percentage of 1978
						1978 ¹	1979 ²	
- - - Million pounds - - -								
Percent								
Type:								
Flue-cured	396.7	391.4	378.7	411.7	454.8	138.3	126.9	92
Burley	48.5	61.9	67.9	79.1	91.0	39.2	36.4	93
Maryland	10.4	4.1	8.3	7.7	10.6	2.2	2.5	114
Fire-cured, Ky. and Tenn.	19.9	14.9	16.3	19.1	22.6	2.7	3.8	141
Virginia fire and sun-cured	4.0	3.3	2.8	5.3	2.5	.7	1.2	71
Green River and One Sucker . . . . .	.7	.3	.3	.1	.7	.3	*	—
Black Fat	2.5	3.5	3.3	2.7	2.6	.6	.8	133
Cigar binder . . . . .	.3	.2	.3	.2	3.7	1.1	2.0	182
Cigar filler . . . . .	.4	.2	.4	.3	.2	*	*	—
Perique . . . . .	.2	.1	.1	.1	*	*	.1	—
Stems, trimmings and scrap	70.2	78.9	95.7	99.9	98.9	43.1	23.1	54
Total	555.5	563.0	577.7	628.6	700.0	228.4	196.8	86
Country of destination:								
United Kingdom	110.9	78.5	71.8	46.8	148.8	43.1	19.9	46
France	8.4	9.5	8.3	6.3	9.8	2.8	5.1	182
Belgium-Luxembourg	15.0	8.1	7.5	10.5	16.9	4.5	.8	18
Netherlands	28.4	29.9	24.7	30.5	34.2	7.2	5.1	71
West Germany	98.7	91.0	73.7	78.9	53.2	12.0	16.9	141
Denmark	22.3	16.4	9.0	16.9	27.1	8.2	.5	6
Ireland	10.6	8.2	7.7	5.4	5.3	1.8	2.3	127
Italy	16.8	31.5	33.2	40.6	41.0	31.8	21.4	67
Total EC	311.1	273.1	235.9	235.9	336.3	111.4	72.0	65
Switzerland	24.9	25.9	24.3	28.8	26.2	5.9	4.3	73
Finland	5.4	8.0	6.2	5.3	7.8	2.4	3.1	129
Norway	6.4	5.6	5.5	6.0	4.2	1.1	1.5	136
Sweden	17.1	15.3	14.1	11.8	17.5	8.2	2.4	29
Spain	4.3	9.4	4.7	5.1	19.9	6.0	0	—
Thailand	20.5	18.7	21.8	16.0	18.2	18.2	18.8	103
Rep. of Korea	4.9	3.0	7.2	9.8	9.9	.3	13.1	**
Malaysia	8.1	7.1	7.3	12.2	10.1	2.5	2.2	88
Philippines	8.1	11.8	13.0	15.4	13.9	3.4	4.3	126
Taiwan	11.6	16.0	12.3	20.6	25.8	7.1	15.5	218
Japan	56.9	81.5	132.7	135.4	102.3	24.2	24.4	100
Australia	14.0	15.5	10.3	14.2	12.4	2.9	1.9	66
New Zealand	1.9	5.0	4.9	5.0	3.7	1.5	1.3	87
Egypt	1.5	10.4	11.1	26.7	24.5	12.4	3.4	27
Other countries	66.9	56.7	66.4	80.4	67.3	20.9	28.6	137
Total	555.5	563.0	577.7	628.6	700.0	228.4	196.8	86

¹ Subject to revision. ² Preliminary.

Detail may not add to total due to rounding. *Less than 50,000 pounds.

Compiled from publications and records of the Bureau of the Census. **Not meaningful due to irregular shipping pattern.

Table 6--U.S. imports of unmanufactured tobacco for consumption and general, principal categories, and countries of origin, 1978, and January-April 1978-79 ^{1/}

(Declared weight)

Classification and country of origin	Imports for consumption				General imports (arrivals)			
	January-April		1979 as a		January-April		1979 as a	
	1978	1978	1979	percentage of 1978	1978	1978	1979	percentage of 1978
	---Million pounds---		Percent		---Million pounds---		Percent	
Cigarette tobacco:								
Leaf, unstemmed:								
Oriental								
Turkey	90.3	30.0	29.3	98	90.8	45.5	55.9	123
Greece	26.5	8.0	10.2	127	29.8	17.0	12.5	74
Yugoslavia	17.1	5.6	4.8	86	12.9	5.7	6.8	119
Lebanon	3.9	1.6	1.1	69	7.1	1.9	.3	16
Other countries	35.6	13.3	10.9	82	21.8	5.7	14.5	254
Flue-cured	5.2	1.4	7.1	507	19.1	4.6	4.9	107
Burley	13.7	5.4	4.4	81	35.2	9.1	6.9	84
Other	4.9	3.0	.9	30	7.9	2.4	.6	25
Subtotal	197.2	68.3	68.6	100	224.6	91.9	102.3	111
Scrap								
Brazil	22.3	7.5	6.0	80	11.3	2.6	4.1	158
Turkey	6.6	2.2	6.1	274	3.3	1.1	8.4	764
Mexico	9.8	1.9	4.6	247	6.1	1.0	1.2	120
Other countries ^{2/} ...	23.1	8.1	13.8	170	38.9	10.1	11.1	110
Subtotal	61.8	19.2	30.5	159	59.6	14.8	24.8	168
Total	259.0	87.5	99.1	113	284.2	106.7	127.1	119
Cigar tobacco:								
Wrapper	1.6	.7	.7	100	2.2	.9	.8	89
Filler-stemmed and unstemmed								
Dominican Republic ...	1.1	.6	.6	100	6.4	4.4	6.0	136
Other countries	6.7	1.4	1.0	71	14.5	6.5	8.3	128
Subtotal	7.8	2.7	2.3	85	20.9	10.9	14.3	131
Scrap								
Philippine Republic ..	14.8	5.1	4.8	94	8.7	2.6	4.4	169
Colombia	3.8	1.1	.9	82	2.3	.6	1.0	167
Dominican Republic ...	5.6	1.8	2.2	122	3.0	.9	2.5	278
Brazil	2.2	.7	.7	100	2.1	.6	.4	67
Other countries	30.9	7.7	17.5	227	33.1	8.2	13.8	168
Subtotal	57.3	16.4	26.1	159	49.2	12.9	22.1	171
Total	66.7	19.8	29.1	147	72.3	24.7	37.2	151
Stems	10.3	2.6	5.0	192	10.7	2.6	5.2	200
Grand total	336.0	109.8	133.2	121	367.1	134.0	169.5	126

^{1/} Preliminary. ^{2/} Canada, Yugoslavia, Greece, Cyprus, Syria, Lebanon, India, Thailand, Korea, Angola, Mozambique, Zambia, and Malawi.

Detail may not add to total due to rounding.

Compiled from publications and records of the Bureau of the Census.

riers, the negotiations lasted more than 5 years since their official opening in Japan in the fall of 1973. This was the seventh and most comprehensive trade bargaining since World War II. The United States gave a high priority to maintaining and expanding export opportunities for U.S. farmers. The negotiations are awaiting the required Congressional approval.

The European Community—the United States' largest trading partner in tobacco—offered a significant reduction in the tariff applicable to the bulk of U.S. exports. Among the trade concessions given by the United States were tariff reductions on cigar filler and cigar wrapper.

U.S.-Rhodesia Relations

The U.S. Administration has decided to continue to maintain sanctions against Zimbabwe Rhodesia. The President was required by a 1978 law to end sanctions if he decided that the April elections in Rhodesia were free and fair and other political conditions were met. Before Rhodesia's independence in 1965 and subsequent United Nations' sanctions, Rhodesia was the major U.S. competitor for overseas tobacco markets. In the intervening years Rhodesia has diversified its agriculture and many other countries have increased tobacco output to fill the gap from Rhodesia's shortfall.

TOBACCO LEAF SITUATION AND OUTLOOK¹

1979 Crop Prospects

Cool, rainy weather during much of April and May was the dominant condition affecting the tobacco crop early in the season, and some blue-mold was reported. By mid-May, the flue-cured crop was about 2 weeks behind average. By early June, tobacco setting was completed in North Carolina and Virginia and still in full swing in Kentucky. Harvest was just getting underway in Georgia and Florida.

Auctions for the 1979 flue-cured crop are expected to begin in July, depending on recommendations of the Flue-Cured Marketing Advisory Committee (scheduled to meet June 21) and when a sufficient marketable volume is indicated to be available. Last year's auctions began July 19.

With a larger carryover, the smaller size crop will reduce total supply. A 7-percent-higher support level prevails. Prices are expected to average close to last year when crop quality was unusually high (table 7).

USDA's Crop Reporting board will publish its first estimate of flue-cured yield per acre and production on July 11. Subsequent monthly reports, beginning August 10, will also estimate yield and production for burley and other types. The final crop estimate was within 2 percent of the July estimate in 7 out of the past 10 years.

Pesticide Residue Developments

As a condition for receiving price support, growers must certify that they did not use DDT, TDE, endrin, or toxaphene pesticides. If growers certify falsely, they are subject to fines or imprisonment.

DDT and TDE residue levels fell again last year. Samplings of the 1978 crop showed no samples with residue of 3 parts per million or more. If an analysis shows DDT-TDE residues of 3 parts per million (p/m) or greater, the grower is denied price

support. Residues of 10 p/m or greater mean the grower is in violation if he certified that chemicals were not applied to his crop.

FLUE-CURED

Leaf Stocks Stabilize; Use Increases

April 1 stocks of flue-cured tobacco (types 11-14) totaled 2.3 billion pounds, 30 million above a year earlier. Reflecting the decline in domestic use, loan stocks accounted for most of the gain in holdings.

Total disappearance during July 1978-March 1979 was 950 million pounds, about 3 percent higher than the corresponding period of 1977/78. Exports accounted for the gain; domestic disappearance was 7 percent lower. Even though cigarette production rose 3 percent, use of imported tobacco for cigarettes increased 6 percent.

Exports Approach Record

With vigorous demand overseas for the 1978 crop, U.S. flue-cured exports this marketing year are an eighth above last season's level and may surpass the 1973/74 record of 598 million pounds. For the 10 months through April, exports totaled 555 million pounds compared with 492 million in the same period of a year earlier.

United Kingdom and West Germany, 2 leading destinations for U.S. flue-cured tobacco, took more in July-April. Although Japan took less, other Asian countries imported more. The 1978 U.S. crop was the highest quality in several years and a number of countries rebuilt inventories. Exchange rates were also favorable for foreign importers.

¹All quantities in this section are stated in farm-sales weight equivalent unless otherwise noted.

Table 7—Flue-cured tobacco, types 11-14, and burley tobacco, type 31: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1969-79

(Farm-sales weight)

Marketing year	Acreage harvested	Yield per acre	Beginning stocks ¹				Total supply
			Production	Manufacturers and other	Under loan	Total	
	<i>Thousand acres</i>	<i>Pounds</i>	<i>Million pounds</i>				
Flue-cured, types 11-14							
1969	576.8	1,825	1,052.8	1,299.6	800.5	2,100.1	3,152.9
1970	584.1	2,042	² 1,178.1	1,227.5	744.9	1,972.4	3,150.5
1971	525.8	2,050	² 1,076.3	1,214.5	761.9	1,976.4	3,052.7
1972	513.6	1,971	² 1,022.1	1,292.4	617.8	1,910.2	2,932.3
1973	575.1	2,011	² 1,159.0	1,347.0	402.3	1,749.3	2,908.3
1974	616.3	2,014	² 1,245.1	1,330.6	276.7	1,607.3	2,852.4
1975	717.2	1,973	² 1,414.7	1,471.9	179.9	1,651.8	3,066.5
1976	666.6	1,974	² 1,316.0	³ 1,539.1	359.2	³ 1,898.3	3,214.3
1977	589.3	1,917	² 1,124.2	1,517.6	556.9	⁴ 2,075.0	3,199.2
1978 ⁵	589.0	2,000	² 1,204.2	1,517.9	534.0	⁴ 2,051.9	3,256.1
1979 ⁶	530.0	1,995	1,070.0	1,496.0	575.0	2,071.0	3,141.0
Burley, type 31							
1969	237.7	2,488	591.4	975.7	340.8	1,316.5	1,907.9
1970	216.4	2,590	560.5	887.9	454.8	1,342.7	1,903.2
1971	213.5	2,213	472.6	882.4	468.4	1,345.8	1,818.4
1972	235.6	2,552	² 590.3	920.9	327.6	1,248.5	1,838.8
1973	222.1	2,028	² 461.4	952.5	276.7	1,229.2	1,690.6
1974	260.7	2,350	² 610.4	931.5	139.2	1,070.7	1,681.1
1975	282.2	2,265	² 638.3	1,082.4	12.0	1,094.4	1,732.7
1976	285.8	2,376	² 663.8	³ 1,115.3	43.3	³ 1,160.1	1,823.7
1977	268.5	2,298	² 612.5	1,162.3	54.9	⁴ 1,217.2	1,829.7
1978 ⁵	260.8	2,366	² 617.6	1,104.9	113.5	⁴ 1,218.4	1,836.0
1979 ⁶	252.0	2,350	612.0	1,087.0	153.0	1,236.0	1,848.0
Disappearance			Average price per pound	Price support level	Placed under loan		
Total	Domestic	Exports			Quantity	Percentage of crop	
<i>Million pounds</i>			<i>Cents</i>		<i>Million pounds</i>	<i>Percent</i>	
Flue-cured, types 11-14							
1969	1,180.5	645.9	534.6	72.4	63.8	97.6	9.3
1970	1,174.1	640.1	534.0	72.0	66.6	144.2	12.2
1971	1,142.5	662.5	480.0	77.2	69.4	55.7	5.2
1972	1,183.0	664.2	518.8	85.3	72.7	24.3	2.4
1973	1,301.0	703.0	598.0	88.1	76.6	30.7	2.7
1974	1,200.6	652.3	548.3	105.0	83.3	23.0	1.9
1975	1,193.1	670.6	522.5	99.8	93.2	259.0	18.4
1976	1,148.2	634.0	514.2	110.4	106.0	277.3	21.0
1977	1,147.3	608.2	539.1	117.6	113.8	195.6	17.3
1978	⁵ 1,185.0	⁵ 575.0	⁵ 610.0	135.2	121.0	64.1	5.3
1979					129.3		
Burley, type 31							
1969	565.2	507.1	58.1	69.6	65.8	158.2	26.8
1970	557.4	503.0	54.4	72.2	68.6	47.7	8.5
1971	569.9	515.2	54.7	80.9	71.5	.2	—
1972	609.6	534.5	75.1	79.2	74.9	22.9	3.9
1973	619.0	533.1	86.8	92.9	78.9	.7	.1
1974	586.7	518.8	67.9	113.7	85.8	2.8	.4
1975	602.5	510.1	92.4	105.6	96.1	50.7	7.9
1976	617.4	500.6	116.8	114.2	109.3	46.6	7.0
1977	611.3	494.8	116.5	120.0	117.3	57.0	9.2
1978	600.0	480.0	⁵ 120.0	131.0	124.7	⁶ 67.6	⁶ 10.8
1979					133.3		

¹ July 1 for flue-cured; October 1 for burley. ² Sales. ³ Adjusted for change in conversion factor January 1, 1977. ⁴ Stocks revision January 1, 1979 report. ⁵ Subject to revision. ⁶ Estimated, projected crop.

Disappearance Rises

Disappearance of flue-cured tobacco in the 1978/79 marketing year ending June 30 is about 3 percent above the 1.15 billion pounds used in 1977/78 (table 7), but still about 9 percent below the record set in 1973/74. These prospects total less than last season's marketings, so carryover may rise slightly.

During July 1978-May 1979, 70 million pounds of loan stocks were sold, substantially below the high level of the previous year. Unsold stocks on May 31 totaled 541 million pounds, compared with 552 million a year earlier. The record was 960 million in January 1965 (table 8).

1979 Flue-Cured Acreage Decreased

The 1979 effective flue-cured acreage allotment, reflecting last year's net overmarketings, is 580,000 acres, and the effective poundage allotment is 1,070 million pounds, down 10 percent from last year (table 9). Even though some growers are participating in the "4-leaf program," harvested acreage will again fall considerably short of allotted acreage. This season, growers can increase acreage 10 percent above allotment, if they agree to leave unharvested the 4 lower leaves.

Table 8—Tobacco loan stocks, 1977-79
(Farm-sales weight)

Type	End of May		
	1977	1978	1979 ³
<i>Million pounds</i>			
Flue-cured, 11-14	596.9	574.6	563.9
Uncommitted	563.8	551.5	541.5 ³
Burley, 31	75.0	118.3	160.3
Uncommitted	50.9	111.1	154.2 ³
Virginia, 21 . . . . .	.1	.9	2.7
Kentucky-Tennessee, 22-23	0	1.1	12.3
Kentucky-Tennessee, 35-36	(¹)	(¹)	4.3
Ohio, 42-44 . . . . .	.4	.5	1.0
Puerto Rican, 46	0	2.3	4.2
Connecticut Valley, 51-52	1.0	1.0	1.0
Wisconsin, 54-55	(¹)	(¹)	(¹)
Total	673.4	698.7	749.9

¹ Negligible. ² April 30. ³ May 31.

Compiled from records of Producer Associations Division, ASCS.

Three factors will reduce the 1979 flue-cured crop: (1) the basic quota is down 2 percent; (2) sizable overmarketings from last season came off the grower quotas; and (3) growers have 30

Table 9—Flue-cured and burley tobacco: Marketing quota and marketings, 1970-79

Year	Quota		Marketings				Net Carryover ²
	Basic	Effective	Actual	Over-quota	Under-quota	Effective under quota ¹	
	... Million pounds ...						
	Flue-cured, types 11-14						
1970	1,071.5	1,190.8	1,178.2	65.1	71.2	63.4	-1.7
1971	1,071.6	1,069.9	1,076.3	60.4	49.9	45.8	-14.5
1972	1,071.2	1,056.7	1,022.1	41.2	72.9	68.1	26.8
1973	1,178.7	1,205.6	1,159.0	54.8	100.5	95.3	40.5
1974	1,296.6	1,337.1	1,245.3	50.0	138.9	132.4	82.5
1975	1,491.4	1,572.3	1,414.6	50.9	203.2	192.3	141.0
1976	1,268.1	1,409.1	1,316.0	49.4	139.9	130.2	80.8
1977	1,116.5	1,197.3	1,124.2	42.6	115.2	106.9	64.3
1978	1,117.2	1,181.5	³ 1,204.6	65.6	43.9	41.8	³ -23.8
1979 ³	1,094.0	1,070.2					
	Burley, type 31						
1971	555.1	553.0	471.5	9.7	91.1	89.7	80.1
1972	531.5	611.5	588.6	30.7	45.7	44.6	13.9
1973	559.7	573.6	460.7	11.3	113.1	111.7	100.3
1974	606.5	706.8	610.4	23.0	118.9	104.0	81.0
1975	669.5	750.4	639.9	21.8	127.5	113.4	91.6
1976	634.8	726.4	663.6	33.1	96.2	82.3	49.2
1977	636.2	683.4	612.6	27.2	99.0	80.8	53.6
1978 ³	614.2	667.8	617.6	31.5	88.2	67.6	36.1
1979 ³	613.6	649.7					

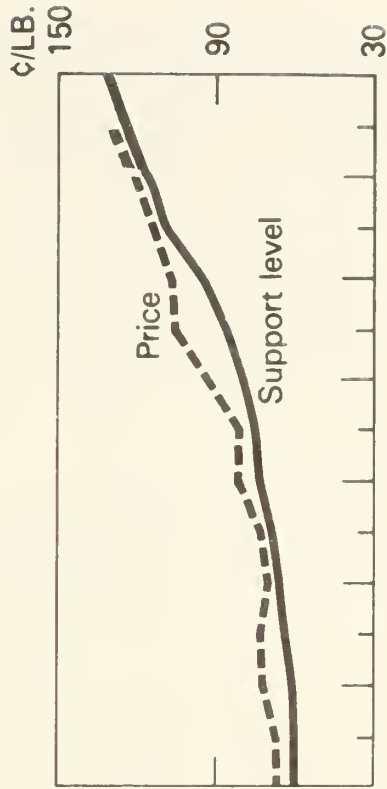
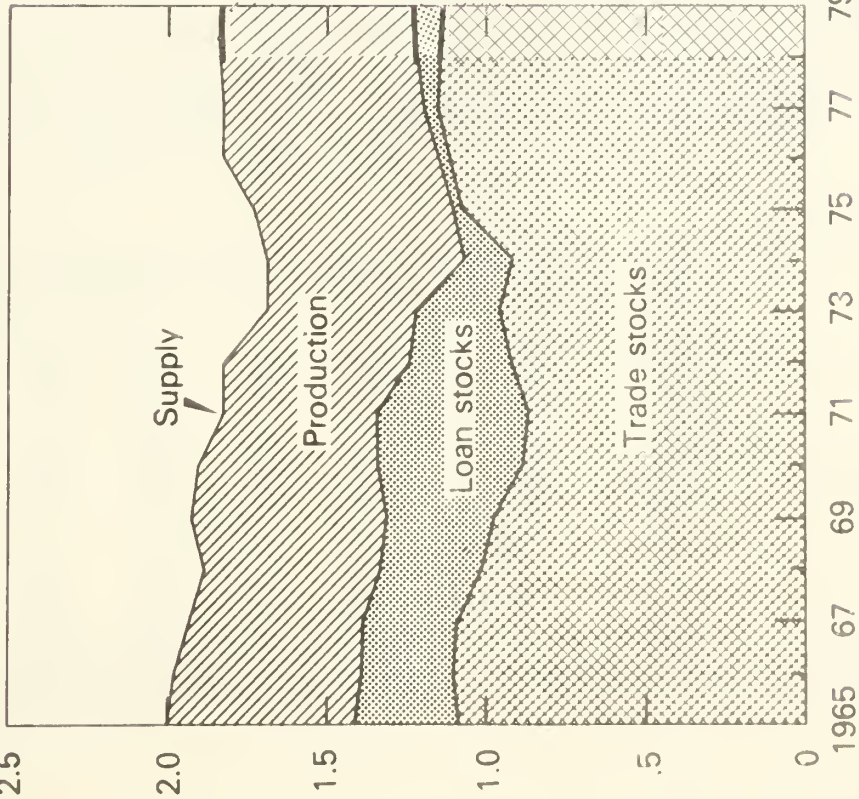
¹ Under quota marketing less ineligible carryover ² Effective under quota marketings less over quota marketings. ³ Subject to revision.

Compiled from records and reports of Price Support and Loan Division, ASCS.

BURLEY TOBACCO: SUPPLY, PRICE, USE

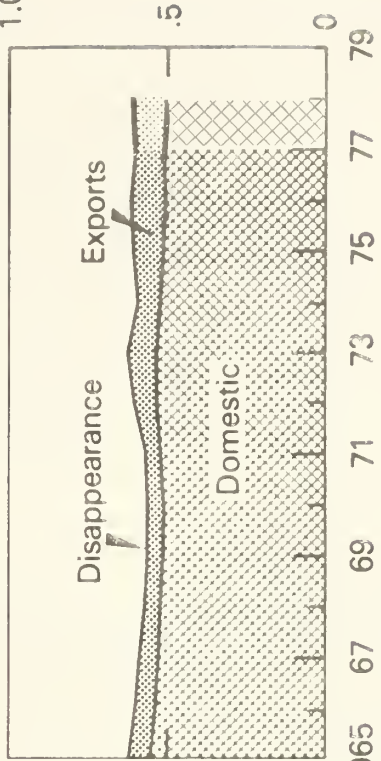
BIL. LB.

2.5



BIL. LB.

1.0



YEAR BEGINNING OCTOBER 1.

Trade stocks include manufacturers' and dealers'. Latest year forecast.

USDA

NEG. ESCS 382-C-79 (2)

million pounds of stored carryover tobacco in Stabilization and dealer pools that also are deducted from the 1979 marketing quota.

Growers' April 1 intentions were to set 10 percent less flue-cured acreage than in 1978. In 1978, growers leased 39 percent of the poundage quota from other allotment owners within their county. The proportion is expected to increase again this year. Since 1972, flue-cured marketing quotas can be leased and transferred throughout the season, subject to limitations enacted in 1977.

Assuming a normal growing season, and considering the intended acreage, the crop may total about 1.05 billion pounds. Production at this level, plus the stored carryover, and regular carryover would bring the total 1979/80 supply about 100 million pounds below the 3.25 billion pounds in 1978/79.

1979 Price Support Details

Flue-cured tobacco is under acreage-poundage marketing quotas and price support is not provided if growers exceed their farm allotments. For 1979, a 10-percent tolerance is provided to accommodate the practice of leaving unharvested the 4 lower leaves. By the May 1 deadline, farms accounting for 14.6 percent of the flue-cured quota had signed up to participate in the 4-leaf program. Last year's sign-up was 18.7 percent.

USDA announced on May 21 the proposed 1979 loan rates for the various grades of flue-cured tobacco. Rates range from 70 cents to \$1.67 a

pound, reflecting the national average support level of \$1.29 a pound. This is about 7 percent above 1978. The largest increases were for leaf grades, which typically account for more than half of the farm sales and have recently been in the strongest demand. Slight reductions are proposed for some of the priming and nondescript grades that are in excess supply.

As in the past, no price support will be offered in 1979 on any tobacco graded N2 (second quality nondescript), No-G (no grade), U (unsound), W (doubtful keeping order), or scrap. Marketings of such tobacco will be charged against individual farm quotas to discourage the marketing of these grades.

4-Day Sales Schedule Continues

The U.S. Department of Agriculture plans no changes in the sales days pattern for the 1979 season. Earlier, USDA considered a proposal to extend flue-cured sales from four to five days a week. Under the present system, tobacco sales have been held Monday through Thursday, leaving Friday free to move sold tobacco off warehouse floors and set up for the following week's sales.

By the May 1 deadline, growers of flue-cured tobacco had designated 96 percent of their marketable quota to the auction warehouses where they wish to market their 1979 crop. Since this procedure began in 1974, sales schedules and inspection services are provided at individual warehouses on the basis of quantity of tobacco designated (table 10).

Table 10—Flue-cured tobacco: Effective farm quotas, designations, and marketings, 1977-79¹

Type and State or marketing area	Effective farm quotas		Initial designation ²		Final designation		Marketings	
	1979	Change from 1978	1978	1979	1977	1978	1977	1978
	Mil. lb.	Percent			Mil. lb.			
11-Virginia (E)	98	-4.9	119	117	139	129	109	102
11-North Carolina (D,E) . . .	267	-1.1	207	188	238	222	282	295
Total	365	-2.1	326	305	377	350	391	397
12-North Carolina (C)	346	-17.4	500	440	501	520	345	407
13-North Carolina (B)	93	-12.3	114	107	110	119	92	108
13-South Carolina (B)	130	-7.8	138	130	145	146	138	147
Total	223	-9.7	252	238	255	265	230	662
14-Alabama	1	0	---	---	---	---	1	1
14-Florida (A)	24	0	22	23	25	23	24	22
14-Georgia (A)	111	-7.2	128	121	151	137	130	122
Total	136	-5.6	150	144	176	160	155	146
Total, flue-cured ³	1,070	-9.6	1,228	1,127	1,309	1,295	1,121	1,205

¹ Data may not add to totals due to rounding. ² Growers were allowed to designate 110 percent of their effective quotas. ³ Computed from unrounded data.

Compiled from reports from Tobacco Division, Agricultural Marketing Service and Price Support and Loan Division, Agricultural Stabilization and Conservation Service.

After growers make warehouse designations at their local Agricultural Stabilization and Conservation Service office, grower lists are prepared for each warehouse and the information sent to the Flue-cured Tobacco Marketing Advisory Committee. In addition to opening dates and sales schedules, the committee recommends to USDA the geographic grouping of auction markets.

Sales opportunity for undesignated tobacco is based on positive actions by growers indicating they wish to sell their tobacco on undesignated marketing cards. Assignment is in proportion to each warehouse's share of a marketing area's volume of undesignated tobacco.

Provisions again have been made for growers wishing to change their designation during the marketing season. Growers are allowed to redesignate their tobacco during the 5 working days ending on the first Friday in each month after markets have opened.

BURLEY

Burley Use Down Slightly

Both domestic use and burley exports declined in the first half of the marketing year (October 1978-March 1979). At 317 million pounds, the 6-month disappearance was 4 percent below a year earlier. Domestic use declined to 271 million pounds, although cigarette output increased 2 percent.

Large burley exports in April raised export prospects for the crop year above last year's high level. For the first 7 months of the marketing year, burley exports totaled 67 million pounds, 8 million

above a year earlier. Japan, South Korea, and the Philippines took more, and Italy and Thailand took less. On an unstemmed-leaf basis, burley exports averaged \$1.85 per pound this past October-April, up 14 cents from a year earlier.

Disappearance Below Crop

Carryover at the beginning of the 1978 season was up slightly to 1,218 million pounds. By April 1, 1979, with the 1978 crop in storage, stocks totaled 1,519 million pounds, 2 percent above a year earlier. On April 30, loan holdings were 160 million pounds, 42 million larger than a year earlier. Slightly lower domestic use may offset exports and reduce disappearance below last season's crop. The likely result is a carryover near 1,240 million pounds on October 1 (table 7).

The effective 1979 burley poundage quota is 3 percent less than a year earlier (table 9). According to April 1 intentions, farmers planned to set about 3 percent less burley acreage than last year. Assuming yields near the 1974-78 average, producer marketings, including stored carryover from the 1978 crop, will total 612 million pounds, down 6 million pounds from last season's marketings. Indicated carryover, plus the projected crop, would result in 1979/80 supply slightly higher than this year's 1.84 billion pounds.

It is claimed that labor costs in preparing baled burley for marketing can be reduced without hurting quality. Baled burley sales under a test last year were 10.6 million pounds, averaged 1 cent per pound below the auction average, and approximated the quality of tied burley marketed. Plans for a 1979 test depend on the analysis now underway of last season's program (table 11).

Table 11—Burley tobacco: Farm marketings by State and across-state line movement, 1978 crop¹

State	Total farm mar- ketings	Sold in—								Total sold out of state
		Ind.	Ky.	Mo.	N.C.	Ohio	Tenn.	Va.	W. Va.	
	Million pounds									
Indiana	17.1	10.7	6.4							6.4
Kentucky	413.7	3.8	405.2			0.3	4.3		0.1	8.5
Missouri	5.6		.3	5.3						.3
North Carolina . .	22.4				17.9		4.5	(³)		4.5
Ohio	18.7	(³)	6.0			11.8			.9	6.9
Tennessee	112.7		1.8		.7		105.4	4.8		7.3
Virginia	24.8		(³)		1.1		.5	23.2		1.6
West Virginia . .	2.6		.3		(³)	(³)		.1	2.2	.4
Total	⁴ 617.6	² 14.5	420.0	² 5.3	² 19.7	² 12.1	² 114.7	² 28.1	² 3.2	⁴ 36.0

¹ Preliminary. ² Estimated from 96 percent of State's gross sales. ³ Less than 50,000 pounds. ⁴ Includes 99,101 pounds produced in Alabama, Arkansas, Georgia, Illinois, Kansas, and South Carolina.

Details may not add to total due to rounding.

Compiled from records of Price Support and Loan Division, ASCS.

SOUTHERN MARYLAND

Crop Up Slightly, Supply Larger

This season's quality crop of Maryland tobacco (type 32) raised auction prices to a record. Prices averaged \$1.22 per pound for the season, 7 cents above a year earlier, as all grade prices rose. Maryland tobacco goes almost entirely into cigarettes. Auction sales began April 10 and ended May 31. Sales volume of the 1978 crop in southern Maryland was about the same as 1977 crop outturn. In 1978, yield was up 15 percent from the 1973-77 average. Also in 1978, 613,000 pounds of Maryland tobacco was grown in quota areas, raising the total production above the previous season.

Growers have not approved marketing quotas since the 1965 crop and Maryland tobacco has not been eligible for government price support.

Disappearance during the first half of the marketing year (October 1978-March 1979) was 13 million pounds, about 5 million above a year earlier. Although domestic disappearance was stable, exports were up sharply. In the first 7 months of the current marketing year, exports were 8 million pounds, 5 million above a year earlier.

Carryover May Rise Slightly

For the 1978/79 season ending in September, disappearance of Maryland tobacco is expected to rise 4 million pounds from last season's 28 million pounds (table 12). Supplies are above last season. Carryover next January 1 may range from the same to slightly above this year.

Based on farmers' April planting intentions and average yield, the 1979 crop may fall below the 1978 outturn. Over the past decade, harvested

acreage generally has fallen 4 percent short of spring plans. April plans are made before the previous season's crop has been marketed (mid-April to early June). But if the prospective crop is achieved, the supply for 1979/80 would be slightly above the 83 million pounds for this season.

FIRE-CURED

Disappearance Rises, Supplies Larger, Prices Down

Disappearance of fire-cured tobacco (types 21-23) during the first half of the marketing year that began October 1, 1978 was 33 million pounds, up 10 million pounds from a year earlier. Both domestic use and exports increased. Exports were up 8.6 million pounds from last year's low level.

Despite the rise in use, the large crop swelled supplies. The 10 percent larger crop sold for \$1.11 per pound, 12½ percent less than a year earlier and 20 percent less than the record for the 1976 crop. Apparently foreign buyers replenished stocks from last year's large crop (table 13). Nevertheless, domestic stocks remain large. Growers placed 22 percent of the 1978 crop under loan, up sharply from 4 percent in 1977. More than half of the tobacco that went under loan was nondescript grades for which demand is slack.

Due to last season's lower prices, growers may cut acreage 14 percent. According to April 1 planting intentions, decreases are expected in all areas. On indicated acreage with an average yield, growers would produce a 50-million-pound crop, about 4 percent less than in 1978. The supply for 1979/80 may still gain.

Table 12—Southern Maryland tobacco, type 32: Acreage, yield, production, carryover, supply, disappearance, season average price, 1970-79

Marketing year	Acreage harvested	Yield per acre	Supply			Disappearance ¹			Average price per pound to growers
			Production	Stocks, Jan. 1	Total	Total	Domestic	Exports	
	Thousand acres	Pounds			... Million pounds ...				Cents
1970	27.0	1,090	29.4	50.1	79.5	39.5	27.6	11.9	78.6
1971	27.0	1,040	28.1	46.0	74.1	25.5	17.5	8.0	81.9
1972	24.0	990	23.8	46.6	70.4	25.5	13.4	12.1	84.5
1973 ²	27.8	1,260	35.0	43.8	78.8	26.1	13.8	12.3	87.8
1974 ²	26.0	1,260	32.8	51.7	84.5	33.5	25.0	8.5	92.2
1975 ²	23.5	950	21.1	53.6	74.7	34.8	25.1	9.7	107.5
1976 ³	23.0	1,300	29.9	41.9	71.8	29.7	17.2	12.5	110.0
1977	23.0	1,310	30.1	45.3	75.4	28.3	18.9	9.4	115.1
1978 ⁴	23.0	1,400	⁵ 32.8	41.9	74.7	⁶ 32.0	19.0	13.0	122.0
1979 ⁶	23.0	1,300	30.0						

¹ Year beginning October 1. ² Includes sales and certification. ³ Based on Maryland crop and 75 thousand pounds estimated for other states. ⁴ Subject to revision. ⁵ Based on Maryland Crop and 613 thousand pounds estimated for other states. ⁶ Estimated, projected crop.

Table 13—Fire-cured tobacco, Kentucky-Tennessee types 22-23, and Virginia fire-cured type 21: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1970-79

(Farm-sales weight)

Marketing year beginning October 1	Acreage harvested	Yield per acre	Beginning stocks, October 1—				Total supply
			Production	Manufac- turers and other	Under loan	Total	
	<i>Thousand acres</i>	<i>Pounds</i>	<i>... Million pounds ...</i>				
Kentucky-Tennessee fire-cured, types 22-23							
1970	17.7	1,749	30.9	54.1	9.7	63.8	94.7
1971	19.5	1,928	37.6	48.6	4.7	53.3	90.9
1972	20.4	1,844	37.6	55.0	1.2	56.2	93.8
1973	16.6	1,668	27.7	54.2	3.1	57.3	85.0
1974	16.2	1,602	26.0	44.0	1.1	45.1	71.1
1975	18.4	1,772	32.6	40.5	¹	40.7	73.3
1976	21.2	1,567	33.2	42.6	⁽²⁾	42.6	75.8
1977	25.6	1,766	45.2	41.2	⁽²⁾	41.2	86.4
1978 ¹	27.0	1,880	50.8	50.0	1.0	51.0	101.0
1979 ³	23.0	1,735	40.0				
Virginia fire-cured, type 21							
1970	5.0	1,230	6.2	8.4	1.4	9.8	16.0
1971	5.0	1,180	5.9	8.0	1.0	9.0	14.9
1972	4.8	970	4.7	7.9	⁴	8.3	13.0
1973	4.7	1,205	5.7	7.6	⁽²⁾	7.6	13.3
1974	5.0	1,185	5.9	7.1	- - -	7.1	13.0
1975	5.0	975	4.9	7.1	³	7.3	12.2
1976	5.3	1,000	5.3	7.4	⁽²⁾	7.4	12.7
1977	7.2	1,000	7.2	7.0	⁽²⁾	6.7	13.9
1978 ¹	6.2	1,100	6.8	7.9	.8	8.7	15.5
1979 ³	5.6	1,000	5.6				
Disappearance				Average price per pound	Price support level	Placed under loan	
Total	Domestic	Exports	Quantity			Percentage of crop	
<i>Million pounds</i>		<i>Cents</i>		<i>Million pounds</i>	<i>Percent</i>		
Kentucky-Tennessee fire-cured, types 22-23							
1970	41.4	13.1	28.3	54.4	46.6	⁽²⁾	0.1
1971	34.7	16.0	18.7	60.8	48.5	⁽²⁾	.1
1972	36.5	14.2	22.3	57.3	50.8	2.8	7.4
1973	39.9	15.7	24.2	71.7	53.5	.2	.7
1974	30.3	14.5	15.8	93.4	58.2	.7	2.7
1975	30.7	12.2	18.5	104.7	65.2	.1	.4
1976	34.6	11.2	23.4	142.4	74.1	⁽²⁾	- - -
1977	35.4	17.4	18.0	125.6	79.5	1.1	2.4
1978	45.0	21.5	23.5	113.6	84.6	11.3	22.2
1979					90.3		
Virginia fire-cured, type 21							
1970	7.0	2.4	4.6	52.0	46.6	.1	2.0
1971	6.6	3.1	3.5	54.8	48.5	.1	1.0
1972	5.4	1.3	4.1	64.2	50.8	⁽²⁾	.1
1973	6.2	1.7	4.5	75.5	53.5	⁽²⁾	- - -
1974	5.7	0.7	5.0	81.7	58.2	³	4.5
1975	4.8	1.4	3.4	93.0	65.2	⁽²⁾	.9
1976	6.1	³ 2.0	4.1	118.0	74.1	.1	1.5
1977	5.2	2.8	2.4	96.2	79.5	1.0	14.4
1978	5.0	2.2	2.8	94.6	84.6	1.8	26.2
1979					90.3		

¹ Subject to revisions. ² Less than 50,000 pounds. ³ Estimated, projected crop. ⁴ Estimated. ⁵ Includes 400,000 pounds fire loss, December 1976 ... Less than .05 percent.

Exports of fire-cured tobacco in 1978/79 are up from last season. Exports of 15 million pounds of types 22-23 during October 1978-April 1979 were about 8 million above a year earlier. The Netherlands, the leading outlet, alone raised takings almost 6 million pounds. Exports of Virginia fire-cured tobacco, at 2 million pounds in October 1978-April 1979, were up 1 million from a year earlier.

DARK AIR-CURED

Supplies Increase, Prices Down

Disappearance of dark air-cured and sun-cured tobacco (types 35-37) during the first half of the current marketing year was 12 million pounds, down 12 percent from a year earlier. Domestic use was down. The manufacture of plug chewing tobacco—a major domestic outlet for this dark air-cured tobacco—was slightly below a year earlier. Exports were up slightly. Black Fat tobacco exports—a semi-processed product of mostly dark air-cured and fire-cured leaf—increased 7 percent in October 1978-April 1979 from the year-earlier level of 1.4 million pounds. Almost all Black Fat goes to West African destinations.

Farm prices were down 14 percent for the 9 percent larger crop. Growers placed 14 percent of production under loan due to weak demand for the lower quality crop. None of the 1977 crop went under loan.

For the year ending September 30, 1979, disappearance may fall below the 1978 crop. Carryover will rise moderately (table 14).

Growers of dark air-cured and sun-cured tobacco plan to harvest about 7 percent less acreage this year than last year's 12,000 acres. Despite lower production, the 1979/80 supply will rise above the 55 million pounds in 1978/79.

CIGAR TOBACCO

Production Stable

Supplies of domestic-grown cigar tobacco are larger again this year, despite lower 1978 production, as carryover stocks increased. Production in 1979/80 will likely be the same as last year even though intended acreage is up 4 percent.

Filler production, with average yields and a 2-percent increase in acreage, will remain near the 32-million-pound average (including Puerto Rico) of the 1976/78 crops.

Binder output will rise with average yields. This year, USDA again suspended Connecticut Valley

binder allotments (types 51-52). Also, USDA transferred filler and binder allotments (types 42-44 and 53-55) to growers who wanted to increase their 1979 plantings. Under terms of this annual reallocation, USDA transferred the allotments from growers who did not wish to use their allotments this year. Reallocated were 2,348 acres in Wisconsin and 1,056 acres in Ohio.

Binder acreage intentions are up 12 percent for northern Wisconsin and 5 percent for southern Wisconsin. The acreage rise coupled with average yields may increase production to 27 million pounds, or 6 million over 1978/79 disappearance. Wisconsin binder goes into chewing tobacco for which the market has been expanding since 1970.

With no production indicated for Georgia-Florida for the second year in a row, Connecticut Valley wrapper production may decline by 8 percent in 1979. Intended plantings are down 8 percent.

April 1 holdings of U.S. and Puerto Rican cigar tobacco (types 41-62) totaled 155 million pounds, 3 percent above a year earlier. Most types increased. On April 1, U.S. stocks of foreign-grown cigar tobacco totaled 100 million pounds, about 1 percent below a year earlier.

During October 1978-April 1979, manufacturers used about 13 percent more imported cigar tobacco than a year earlier. Imports from the Philippines were up over 1 million pounds (table 15).

Filler Disappearance Remains Low

Disappearance of cigar filler during October 1978-March 1979 was 16 million pounds, 1.4 million pounds below last year. Virtually all cigar filler goes for domestic use. Declining cigar production contributed to declines in disappearance in most recent years.

Based on historical trends and partial 1978/79 data, filler tobacco disappearance may continue to decline. However, increased interest in Pennsylvania filler for chewing tobacco may increase use of Pennsylvania filler. Declines indicated for Ohio and Puerto Rican types nevertheless may keep filler disappearance below production by 4 million pounds. Carryover on October 1 may rise to around 71 million pounds, increasing the supply available for both cigars and other uses (table 16).

Binder Disappearance Rises

Cigar binder disappearance for October 1978-March 1979 was 12 million pounds, the same as a year earlier. Wisconsin binder (types 54-55) disappearance declined despite the demand for Wisconsin tobacco for chewing.

Disappearance of Connecticut Valley binder tobacco for 1978/79 is estimated near last season's output. Carryover this October 1 may rise from the relatively low level in 1978.

Table 14—Dark air-cured tobacco, types 35-36, and Sun-cured tobacco type 37: Acreage, yield production, carryover, supply, disappearance, season average price, and price support operations, 1970-79

(Farm-sales weight)							
Marketing year beginning Oct. 1	Acreage harvested	Yield per acre	Beginning stocks				Total supply
			Production	Manufacturers and others	Under loan	Total	
	<i>Thousand acres</i>	<i>Pounds</i>	<i>... Million pounds ...</i>				
Dark air-cured, types 35-36							
1970	8.2	1,863	15.4	35.5	18.2	53.7	69.1
1971	8.6	1,834	15.7	35.5	14.3	49.8	65.5
1972	8.2	1,875	15.5	33.5	12.7	46.2	61.7
1973	7.6	1,647	12.4	31.9	12.8	44.7	57.1
1974	7.0	1,653	11.6	31.4	5.5	36.9	48.5
1975	8.0	1,750	14.0	32.7	(¹)	32.9	46.9
1976	9.3	1,660	15.1	28.2	---	28.2	43.3
1977	11.2	1,770	20.4	26.1	---	26.1	46.5
1978	11.3	1,873	² 21.2	30.4	(¹)	30.4	51.5
1979 ³	10.5	1,810	19.0				
Sun-cured, type 37							
1970	1.0	1,100	1.1	3.3	0	3.3	4.4
1971 . . . . .	.9	1,200	1.1	3.1	0	3.1	4.2
1972 . . . . .	.8	1,010	.8	3.0	0	3.0	3.8
1973 . . . . .	.7	1,320	.9	3.2	0	3.2	4.1
1974 . . . . .	.7	1,315	.9	3.0	0	3.0	3.9
1975 . . . . .	.7	930	.7	2.3	0	2.3	3.0
1976 . . . . .	.7	1,115	.8	2.1	0	2.1	2.9
1977 . . . . .	.8	1,030	.8	1.8	0	1.8	2.6
1978 . . . . .	.8	1,205	.9	1.8	0	1.8	2.7
1979 ³ . . . . .	.7	1,125	.8				
Disappearance			Average price per pound		Price support level	Placed under loan	
Total	Domestic	Exports				Quantity	Percentage of crop
<i>... Million pounds ...</i>			<i>... Cents ...</i>		<i>Million pounds</i>	<i>Percent</i>	
Dark air-cured, types 35-36							
1970	19.3	16.7	2.6	46.0	41.4	1.0	6.8
1971	19.3	17.4	1.9	47.1	43.1	1.7	10.7
1972	17.0	14.7	2.3	50.3	45.2	1.2	.8
1973	20.2	17.4	2.8	61.9	47.6	(¹)	.2
1974	15.6	12.8	2.8	76.9	51.8	.4	3.7
1975	18.7	16.1	2.6	89.8	58.0	.1	.5
1976	17.2	15.1	2.1	116.6	65.9	(¹)	---
1977	16.1	13.6	2.4	117.7	70.7	(¹)	---
1978	⁴ 19.0	⁴ 16.3	⁴ 2.7	100.8	75.2	4.3	19.7
1979					80.4		
Sun-cured, type 37							
1970	1.3	1.1	.2	53.8	41.4	⁵ 3	.3
1971	1.2	1.0	.2	54.1	43.1	0	---
1972 . . . . .	.6	.4	.2	57.9	45.2	0	---
1973	1.1	.9	.2	69.2	47.6	0	---
1974	1.6	1.3	.3	82.1	51.8	⁵ 13	1.4
1975 . . . . .	.9	.7	.2	85.5	58.9	0	---
1976	1.1	.9	.2	105.0	65.9	0	---
1977 . . . . .	.8	.6	.1	100.0	70.7	⁵ 13	1.6
1978	⁴ .5	⁴ .4	⁴ .1	88.8	75.2	⁵ 109	12.4
1979					80.4		

¹Less than 50,000 pounds. ²Sales. ³Estimated, projected crop. ⁴Estimated. ⁵Quantity placed under loan in thousands of pounds.
 ... Less than .05 percent.

Table 15—Foreign grown cigar leaf tobacco U.S. imports and stocks, 1975-79

(Farm sales weight)

Country of origin	Oct.-Sept. 1977-78	Imports for consumption ¹ October-April				Dealers and manufacturers, stocks, April 1—			
		1975-76	1976-77	1977-78	1978-79	1976	1977	1978	1979
	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.
Philippines	13.8	15.1	11.1	7.6	9.7	46.0	35.7	26.4	22.3
Dominican Republic	9.8	10.0	9.1	5.5	6.4	18.7	18.9	14.7	16.7
Brazil	4.9	10.7	7.8	3.0	2.3	6.6	6.5	8.2	6.7
Columbia	3.8	4.6	3.4	1.3	1.9	8.9	7.8	7.3	7.0
Paraguay	3.6	3.2	3.1	2.0	2.4	7.4	7.3	7.4	5.1
Mexico	5.1	3.8	2.4	2.5	3.7	3.8	3.8	5.5	7.5
Indonesia	6.9	4.8	3.6	3.7	4.3	12.7	11.4	11.5	10.6
All other	17.7	29.4	8.1	8.1	11.7	21.4	19.6	20.0	24.4
Total	65.6	81.4	49.6	33.7	38.1	125.6	111.0	101.0	100.3

¹ Includes scrap tobacco from some countries that may be used for cigarette manufacture.

Despite gains in production of loose leaf chewing tobacco and the more expensive categories of cigars, total binder use may not rise above the 21 million pounds of last season. Therefore, carryover stocks will probably rise slightly.

Wrapper Use Continues To Decline

A decline in domestic cigar production and rising costs of leaf production curtailed both the use and supply of shade-grown wrapper (types 61-62) in recent years. Although the price of wrapper rose from \$6 to \$7.50 per pound in 1978, some growers this year will not grow wrapper due to low net income.

Disappearance during July 1978-March 1979 was 5 million pounds, the same as a year earlier. No break in the long-term decline in cigar wrapper disappearance is expected. Carryover will fall below a 2-year supply even if the current low level of disappearance is maintained.

During the first 10 months of the marketing year, cigar wrapper exports were 4.3 million pounds, up 9 percent from a year earlier. The Dominican Republic, the major destination, took more. High duties in the EC continue to discriminate against U.S. tobacco.

FOREIGN DEVELOPMENTS

Foreign News Briefs

Japan, a leading buyer of U.S. tobacco, consumed 301 billion cigarettes during the past fiscal year (April 1978-March 1979), unchanged from a year earlier. Some 35 million people, including three out of five adult males, smoke. Consumption

will likely decline in 1979 because of the continued anti-smoking campaign and rising retail prices. Retail prices are fixed by law but legislation has been proposed to give the Japan Tobacco and Salt Public Corporation (monopoly) authority to change retail prices. In 1978, the most popular imported U.S. brand sold for \$1.23 U.S. per pack, while the most popular domestic brand was 74 U.S. cents. This year's proposed price is \$1.48 per pack for imports.

In the year ending March 31, 1979, imports of U.S. tobacco were increased by almost 4 percent to 48,600 metric tons (107 million pounds). The increase in imports reflects a growth in stocks as consumption did not rise in the period (tables 18 and 19).

United Kingdom tobacco consumption increased to 322 million pounds in calendar 1978, 5 percent above a year earlier. Although total cigarette sales remained near the 1977 level, a rise in the percentage of king size cigarette sales to 58 percent, and a virtual end to synthetic substitutes, boosted U.K. tobacco use (table 17).

Imports of unmanufactured tobacco rose 64 percent, reflecting reduced EC tariffs applying to the United Kingdom. Re-exports to the Federal Republic of Germany rose sharply but tobacco stocks still rose 20 percent. The stock rise is likely a time lag in re-exporting FRG transshipments. During 1979, the U.K. price advantage for FRG importers will likely decline as the EC tariff goes up.

Brazil's growers in 1978 produced 179,000 metric tons of flue-cured tobacco, 52 percent above the 1972-76 average. For 1979, an indicated rise in production of 14 percent along with an expected decline in grower prices, in real terms, will likely mean exports expanding by 10 percent.

A new government grading system for the 1979 tobacco crop and the use of chemical sucker control may have encouraged the production of better quality flue-cured tobacco.

Canada: The Canadian Tobacco Manufacturer's Council has guaranteed a minimum price of C\$1.16 per pound for the 1979 season, or 9 percent above

the 1978 agreement. The 1979 crop target is 230 million pounds, the same as last year.

The 1978 flue-cured crop in Ontario was 230 million pounds and sales averaged C\$1.18 per pound, 12 cents above the guaranteed price. The overall quality was good, but nicotine levels were lower than the of the 1977 crop.

Table 16—Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, 1970-79

(Farm-sales weight)

Crop year	Acreage harvested	Yield per acre	Supply			Disappearance			Average price per pound to growers
			Production	Beginning stocks ¹	Total supply	Total	Domestic	Exports	
	Thousand acres	Pounds	Million pounds			Cents			
Pennsylvania Seedleaf Filler (type 41)									
1970	17.0	1,800	30.6	97.3	127.9	40.9	40.7	0.2	31.0
1971	15.2	1,610	24.5	87.0	111.5	41.3	40.6	.4	36.0
1972	13.0	1,400	18.2	70.2	88.4	34.7	34.4	.3	46.0
1973	13.0	1,700	22.1	53.7	75.8	28.3	27.5	.8	52.0
1974	13.0	2,000	26.0	47.5	73.5	24.3	24.0	.3	58.0
1975	12.0	1,650	19.8	49.2	69.0	22.2	21.8	.4	58.0
1976	13.5	1,750	23.6	46.8	70.4	20.7	20.3	.4	60.0
1977 ²	13.5	1,940	26.2	49.7	75.9	21.8	21.6	.3	60.0
1978 ³	13.0	1,940	25.2	54.1	79.3	21.0	20.9	.1	62.0
1979 ³	13.5	1,900	25.5	58.3	83.8				
Ohio, Miami, Valley Filler (types 42-44)									
1970	1.6	1,750	2.9	9.0	11.9	4.1	4.1	---	38.0
1971	2.0	1,850	3.8	7.8	11.6	4.6	4.6	---	41.0
1972	2.4	1,780	4.2	7.0	11.2	4.4	4.4	---	44.0
1973	2.2	1,420	3.1	6.8	9.9	4.0	4.0	---	51.0
1974	2.0	1,530	3.1	5.9	9.0	3.1	3.1	---	59.0
1975	1.8	1,660	3.0	5.9	9.1	3.4	3.4	---	60.0
1976	1.8	1,550	2.8	5.7	8.5	2.5	2.5	---	59.0
1977	1.5	2,000	3.0	6.0	9.0	2.0	2.0	---	62.0
1978 ³	1.4	2,000	2.8	7.0	9.7	2.3	2.3	---	64.0
1979 ³	1.5	2,000	3.0	7.4	10.4				
Puerto Rico Filler (type 46) ^{3,4}									
1970	3.2	1,397	4.5	19.3	23.8	8.8	8.8	---	36.1
1971	4.8	1,418	6.7	15.0	21.7	9.0	9.0	---	39.8
1972	5.6	883	4.8	12.7	17.5	8.3	8.3	---	42.1
1973	4.5	1,435	6.5	9.2	15.7	5.7	5.7	---	42.1
1974	2.7	1,477	3.9	10.0	14.0	7.9	7.9	---	45.5
1975	2.7	1,500	4.3	6.1	10.4	3.2	3.2	---	50.7
1976	2.8	1,429	4.1	7.2	11.3	4.9	4.9	---	57.6
1977	2.6	1,480	3.9	6.4	10.3	3.9	3.9	---	60.2
1978 ⁴	2.3	1,520	3.4	6.4	9.8	3.9	3.9	---	60.2
1979 ⁴	2.3	1,525	3.5	5.4	8.9	4.4	4.4		
Total Cigar Filler (types 41-46)									
1970	21.8	1,737	38.0	125.6	163.6	53.8	53.6	.2	32.1
1971	22.0	1,587	35.0	109.8	144.8	54.9	54.5	.4	37.3
1972	21.0	1,293	27.2	89.9	117.1	47.4	47.1	.3	45.0
1973	19.7	1,450	31.7	69.7	101.4	38.0	37.2	.8	49.7
1974	18.0	1,850	33.1	63.4	96.5	35.3	35.0	.3	56.6
1975	17.3	1,630	27.3	61.2	88.5	28.8	28.4	.4	56.2
1976	18.2	1,676	30.5	59.7	90.2	28.1	27.7	.4	59.4
1977	17.6	1,884	33.1	62.1	95.2	27.7	27.4	.3	60.2
1978 ⁴	16.7	1,880	31.4	67.5	98.9	27.7	27.6	.1	62.0
1979 ⁴	17.3	1,840	32.0	71.2	103.2				
Connecticut Valley Binder (types 51-52)									
1970	1.7	1,756	2.9	7.0	9.9	2.7	2.4	.3	65.5
1971	1.6	1,743	2.8	7.2	10.0	2.6	2.5	.1	65.1
1972	1.6	1,600	2.5	7.4	9.9	2.4	2.3	.1	70.1
1973	1.6	1,721	2.7	7.5	10.2	3.2	3.1	.1	72.8
1974	1.5	1,737	2.5	7.0	9.5	3.3	3.1	.2	82.0
1975	1.5	1,568	2.4	6.2	8.6	4.3	4.1	.2	92.7
1976	1.5	1,605	2.4	4.3	6.7	2.4	2.3		89.6
1977	1.4	1,784	2.5	4.3	6.8	1.9	1.9	(⁵)	121.3
1978 ⁴	1.5	1,716	2.6	4.9	7.5	2.5	2.5	(²)	144.9
1979 ⁴	1.6	1,700	2.7	5.0	7.7				
Southern Wisconsin Binder (type 54)									
1970	4.4	2,135	9.4	16.7	26.1	7.3	7.3	---	50.3
1971	5.3	2,270	12.0	18.8	30.8	10.5	10.5	---	55.6
1972	5.0	1,685	8.4	20.3	28.7	9.3	8.3	---	48.0
1973	4.9	1,950	9.6	19.4	29.0	10.1	10.1	---	60.5
1974	4.7	2,060	9.7	18.9	28.6	8.8	8.8	---	74.9
1975	5.6	1,945	10.9	19.8	30.7	7.5	7.5	---	75.1
1976	5.6	1,890	10.6	23.2	33.8	10.0	10.0	---	74.7
1977	6.2	2,020	12.5	23.8	36.3	10.2	10.2	---	84.6
1978 ⁴	6.2	1,900	11.2	26.0	37.2	7.0	7.0	---	100.5
1979 ⁴	6.5	2,000	13.0	30.2	43.2				
Northern Wisconsin Binder (type 55)									
1970	4.4	2,055	9.0	18.6	27.6	9.2	9.1	1	52.0
1971	5.3	1,980	10.5	18.4	28.9	9.9	9.9	*	54.0
1972	5.8	1,770	10.3	19.0	29.3	9.8	9.8	*	49.0
1973	5.3	1,775	9.4	19.5	28.9	12.0	12.0	*	60.7
1974	4.7	1,870	8.8	16.9	25.7	9.9	9.9	*	75.4
1975	5.4	1,835	9.9	15.8	25.7	9.7	9.6	.1	75.1
1976	5.5	1,750	9.6	16.0	25.6	9.4	9.4	*	75.2
1977	5.8	2,045	11.9	16.2	28.1	9.1	9.1	.1	85.5
1978	5.9	1,770	9.4	19.1	28.5	11.0	11.0	(²)*	100.5
1979	6.6	1,850	12.0	17.5	29.5				

See footnote at end of table.

Table 16—Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, for 1970-79—Cont.

(Farm-sales weight)

Crop year	Acreage harvested	Yield per acre	Supply			Disappearance			Average price per pound to growers
			Production	Beginning stocks	Total supply	Total	Domestic	Exports	
	Thousand acres	Pounds	Million pounds			Cents			
	Total Wisconsin Binder (types 54-55)								
1970	8.8	2,095	18.4	35.3	53.7	16.5	16.4	0.1	51.1
1971	10.6	2,125	22.5	37.2	59.7	20.4	20.4	*	54.9
1972	10.8	1,731	18.7	39.3	58.0	19.1	19.1	*	48.5
1973	10.2	1,859	19.0	38.9	57.9	22.2	22.2	*	60.6
1974	9.4	1,965	18.5	35.8	54.3	18.7	18.7	*	75.1
1975	11.0	1,891	20.8	35.6	56.4	17.2	17.1	.1	75.1
1976	11.1	1,821	20.2	39.2	59.4	19.4	19.4	*	75.2
1977	12.0	2,032	24.4	40.0	64.4	19.3	19.3	.1	85.0
1978 ³	12.1	1,702	20.6	45.1	65.7	18.0	18.0	² *	100.5
1979 ³	13.1	1,910	25.0	47.7	72.7				
	Total Cigar Binder (types 51-55)								
1970	10.5	2,041	21.3	42.3	63.6	19.2	18.8	.4	53.1
1971	12.2	2,075	25.3	44.4	69.7	23.0	22.9	.1	56.1
1972	12.4	1,714	21.2	46.7	67.9	21.5	21.4	.1	51.1
1973	11.8	1,841	21.7	46.4	68.1	25.4	25.3	.1	62.1
1974	10.9	1,934	21.0	42.8	63.8	22.0	21.8	.2	76.0
1975	12.5	1,851	23.2	41.8	65.1	21.5	21.2	.3	76.9
1976	12.6	1,795	22.6	43.5	66.1	21.8	21.6	.2	76.5
1977	13.4	2,007	26.8	44.3	71.1	21.1	21.1	.1	88.4
1978 ³	13.6	1,706	23.2	50.0	73.2	20.5	20.5	² *	105.5
1979 ³	14.6	1,900	27.7	52.7	80.4				
	Connecticut Valley Shade-grown (type 61)								
1970	6.0	1,535	9.3	12.2	21.5	7.6	6.6	1.0	400.0
1971	4.7	1,635	7.7	13.9	21.6	8.4	5.7	2.7	400.0
1972	4.1	1,250	5.1	13.2	18.5	7.6	4.8	2.8	485.0
1973	5.0	1,210	6.1	10.7	16.8	8.3	6.4	1.9	515.0
1974	4.8	1,625	7.8	8.5	16.3	6.8	2.8	3.9	600.0
1975	4.4	1,371	6.0	9.5	15.5	8.0	4.2	3.8	640.0
1976	4.2	1,555	6.6	7.5	14.1	5.2	1.8	3.4	540.0
1977	3.3	1,544	5.1	8.9	14.0	4.7	.5	² 4.2	600.0
1978 ³	2.7	1,392	3.8	9.3	13.1	² 5.5	² .8	² 4.7	750.0
1979 ³	2.8	1,450	4.0	7.6	11.6				
	Georgia-Florida Shade-grown (type 62)								
1970	3.6	1,590	5.6	9.2	14.8	6.7	5.8	.9	270.0
1971	3.0	1,582	4.7	8.1	12.8	6.2	5.4	.8	262.0
1972	3.0	1,517	4.6	6.6	11.2	4.2	3.8	.4	280.0
1973	2.6	1,413	3.7	7.0	10.7	4.2	3.7	.5	350.0
1974	1.9	1,724	3.2	6.5	9.7	3.6	3.1	.5	380.0
1975	1.1	1,556	1.7	6.2	7.9	1.9	1.5	.4	400.0
1976	.4	1,680	.6	6.0	6.6	2.4	2.0	.4	395.1
1977	.1	1,630	.2	4.2	4.5	1.1	.6	.5	400.0
1978 ³	0	---	0	3.4	3.4	² 1.4	² .6	² .8	0
1979 ³	0	---	0	2.0	2.0				
	Total Shade-grown (types 61-62)								
1970	9.6	1,555	14.9	21.4	36.3	14.3	12.4	1.9	351.0
1971	7.7	1,614	12.4	22.0	34.4	14.6	11.1	3.5	347.5
1972	7.1	1,365	9.7	19.8	29.5	11.8	8.6	3.2	387.0
1973	7.6	1,280	9.8	17.7	27.5	12.5	10.1	2.4	452.2
1974	6.6	1,652	11.0	15.0	26.0	10.4	6.0	4.4	536.1
1975	5.5	1,409	7.7	15.7	23.4	9.8	5.6	4.2	585.7
1976	4.6	1,565	7.2	13.6	20.8	7.6	3.8	3.8	528.2
1977	3.4	1,547	5.3	13.1	18.4	5.8	1.0	4.8	591.4
1978 ³	2.7	1,390	3.8	12.7	16.5	² 6.9	² 1.4	² 5.5	750.0
1979 ³	2.8	1,450	4.0	9.6	13.6				
	Grand Total Cigar Tobacco (types 41-62)								
1970	41.9	1,771	74.2	189.3	263.4	87.3	84.8	2.5	102.3
1971	41.9	1,734	72.7	176.2	248.9	92.5	88.5	4.0	96.7
1972	40.4	1,434	58.1	156.4	214.5	80.7	77.1	3.6	104.4
1973	39.1	1,627	63.2	133.8	197.0	75.9	72.6	3.3	116.1
1974	35.5	1,834	65.3	121.2	186.3	67.7	62.8	4.9	142.5
1975	35.4	1,635	57.9	118.6	176.5	60.1	55.2	4.9	135.1
1976	35.4	1,700	60.3	116.8	177.1	57.5	53.1	4.4	121.4
1977	34.2	1,906	60.2	119.5	184.3	54.6	49.4	5.2	114.9
1978 ³	33.0	1,864	61.5	130.1	191.6	² 55.1	² 49.5	² 5.6	123.7
1979 ³	34.7	1,835	63.7	136.5	200.2				

¹ October 1 for types 41-55; July 1 for types 61-62. ² Estimated. ³ Estimated, projected crop. ⁴ Puerto Rican planting occurs late in calendar year; projected for 1979. * Excludes payment by Puerto Rican Government. ⁵ Less than 50,000 pounds.

Table 17—United Kingdom unmanufactured tobacco:
Imports by country of origin, 1976-78

Country of origin	1976	1977	1978
<i>Million pounds</i>			
Brazil	32	38	46
Canada	35	36	49
India	55	62	59
EC	17	9	16
Korea, Rep. of	26	35	31
Malawi	24	24	25
Pakistan	10	11	3
South Africa	10	6	11
Tanzania	15	13	15
Thailand	3	12	15
United States	77	52	216
Other	14	15	28
Total	318	314	514

Compiled from *Overseas Trade Statistics of the United Kingdom*, December issue.

TOBACCO ACREAGE, YIELD AND PRODUCTION

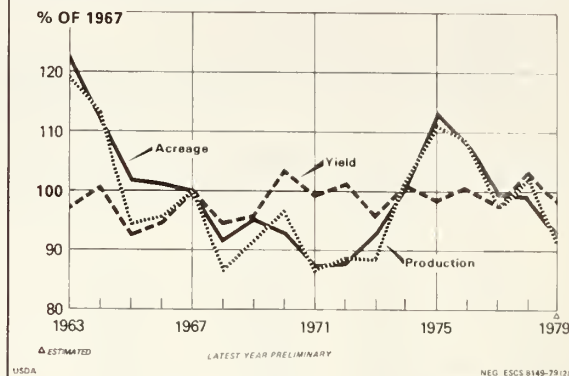


Table 18—West Germany tobacco: Imports, by major suppliers, 1970-78

Year	United States	Italy	Brazil	Greece, Turkey	Poland	Thailand	Other	Total	U.S. share of total
<i>Million pounds</i>									<i>Percent</i>
1970	67	11	18	70	9	4	91	270	25
1971	103	18	19	82	16	8	95	341	30
1972	96	23	16	66	8	5	108	322	30
1973	100	31	16	32	8	8	176	371	27
1974	44	24	8	54	5	3	53	197	23
1975	88	30	14	49	9	10	91	291	30
1976	94	40	25	39	11	10	98	317	30
1977 ¹	88	45	32	38	9	11	88	318	28
1978 ²	63	24	24	35	7	11	88	252	25

¹ Subject to revision. ² Preliminary; January-September

Compiled from Foreign Agriculture Trade Circular, FAS, USDA.

Table 19—Japan tobacco: Imports, by major suppliers, 1969-78

Year	United States	People's Republic of China	India	Thailand	Bulgaria, Greece, Turkey, Yugoslavia	Other countries	Total	United States as a percentage of	
								Total	Non-oriental imports ¹
	<i>Million pounds</i>							<i>Percent</i>	
1969	47	—	6	3	16	1	73	63.9	81.9
1970 . . .	44	—	6	6	16	1	73	60.3	78.0
1971	54	—	9	8	23	6	100	53.6	69.5
1972	69	1	10	9	36	7	132	51.9	71.5
1973	69	1	10	6	25	16	127	54.1	67.6
1974	85	4	11	7	30	33	170	50.0	60.8
1975	106	8	12	8	25	43	202	52.5	59.9
1976	126	15	11	8	17	40	216	57.8	62.8
1977	99	9	9	7	29	30	183	54.1	64.3
1978 ²	115	9	7	9	26	28	194	59.3	68.5

¹ Total less Bulgaria, Greece, Turkey, and Yugoslavia. ² Subject to revision.

Compiled from *Japan Imports by Commodity by Country*, December issue.

Table 20—Cash receipts from tobacco as percentage of cash receipts from crops and all farm commodities, by State, average 1966-70, annual 1976-78

State	Average 1966-70		1976		1977		1978 ¹	
	Tobacco	Percentage of total receipts	Tobacco	Percentage of total receipts	Tobacco	Percentage of total receipts	Tobacco	Percentage of total receipts
	<i>Million dollars</i>	<i>Percent</i>	<i>Million dollars</i>	<i>Percent</i>	<i>Million dollars</i>	<i>Percent</i>	<i>Million dollars</i>	<i>Percent</i>
North Carolina . . .	518	38.4	999	35.4	866	32.8	1,106	36.0
Kentucky	294	35.1	522	31.3	619	33.8	542	27.5
South Carolina . . .	95	23.4	154	18.4	171	21.5	205	22.0
Virginia	84	15.6	170	16.4	163	15.8	174	14.8
Tennessee	81	12.6	152	11.6	164	11.8	165	10.1
Georgia	85	7.9	138	6.1	150	6.9	174	6.8
Florida	30	2.5	36	1.4	31	1.2	31	.9
Maryland	21	5.9	22	3.2	30	4.5	34	4.4
Connecticut	26	16.1	30	13.0	34	14.7	23	9.9
Pennsylvania	11	1.2	11	.6	14	.8	14	.6
Ohio	14	1.1	22	.8	29	1.0	23	.7
Indiana	10	.7	17	.5	24	.7	20	.5
Massachusetts . . .	10	6.2	11	5.1	11	5.0	9	4.0
Wisconsin	5	4	16	.5	14	.5	20	.5
Missouri	3	2	4	.2	5	.2	6	.2
West Virginia . . .	2	2.4	3	2.1	4	.3	3	1.9
United States ² . .	1,292	2.8	2,320	2.4	2,329	2.5	2,549	2.3

¹ Subject to revision. ² U.S. total receipts from tobacco include relatively small receipts for a few States not shown separately.

Table 21—Tobacco manufacturing corporations: Net sales, net income, and profit ratios, 1968-78

Period	Net income			Profit			
	Net sales	Before Federal tax	After Federal tax	Per dollar of sales		Percentage of stockholders equity (annual basis)	
				Before Federal tax	After Federal tax	Before Federal tax	After Federal tax
	<i>... Million dollars ...</i>			<i>... Cents ...</i>		<i>... Percent ...</i>	
1968	7,859	896	436	11.4	5.6	29.7	14.4
1969	9,162	976	476	10.6	5.2	29.6	14.4
1970	9,839	1,098	569	11.2	5.8	30.3	15.7
1971	10,551	1,217	643	11.5	6.1	29.8	15.7
1972	11,308	1,246	676	11.1	6.0	28.4	15.4
1973	12,205	1,254	704	10.3	5.8	26.4	14.8
1974	14,267	1,354	770	9.5	5.4	¹ 26.4	¹ 15.0
1974 ²	8,933	1,053	801	11.8	9.0	¹ 26.4	¹ 20.0
1975 ²	9,987	1,396	919	14.0	9.2	26.6	16.6
1976 ²	11,964	1,638	1,011	14.3	7.8	28.8	15.9
1977 ²	13,696	1,938	1,239	14.2	9.1	32.0	17.5
1978 ²	15,493	2,591	1,461	16.7	9.4	32.4	18.3
Quarterly 1978							
1	3,442	550	310	16.0	9.0	29.1	16.4
2	3,728	661	368	17.7	9.9	33.9	18.9
3	3,935	718	398	18.2	10.1	35.2	19.5
4	4,388	662	385	15.1	8.8	31.6	18.4

¹ Estimated on the basis of an equity increase of 8 percent. ² Industry classification changed and foreign subsidiary results omitted beginning with 1974. For 1974, the new series reduced net sales 37 percent and profits before taxes 22 percent. Profits after taxes increased 4 percent. Note: Data includes non-tobacco enterprises of tobacco manufacturing corporations. Compiled and adapted from the *Quarterly Financial Reports for Manufacturing Corporations*, Federal Trade Commission—Securities and Exchange Commission.

Table 22.--United States exports of unmanufactured tobacco by types, to principal importing countries, crop years, 1977/78-1978/79

(Declared weight)

Importing countries	1977/78	Part year thru April 1/		Importing countries	1977/78	Part year thru April 1/	
		1977/78	1978/79			1977/78	1978/79
Million pounds				Thousand pounds			
Flue-cured, types 11-14 2/				Va. fire & sun-cured, types 21 & 37			
United Kingdom.....	62.3	54.7	84.5	Switzerland.....	0	0	538
West Germany.....	43.5	37.2	32.7	Norway.....	908	341	969
Japan.....	74.8	74.6	71.5	Sweden.....	302	214	337
Netherlands.....	16.4	14.2	10.6	West Germany.....	502	363	11
Thailand.....	11.6	11.6	14.1	Other countries.....	349	163	173
Australia.....	9.8	8.2	7.1				
Italy.....	25.3	24.7	15.7	Total.....	2,061	1,081	2,028
Sweden.....	5.8	8.1	5.7				
Norway.....	2.7	2.2	1.9	One Sucker, type 35			
Finland.....	3.0	2.7	4.8				
Denmark.....	10.5	9.3	10.7				
Ireland.....	2.2	2.2	4.7	Belgium-Luxembourg....	0	0	0
Belgium-Luxembourg....	8.8	7.5	7.4	Zaire.....	0	0	154
Switzerland.....	9.4	9.2	6.6	Other countries.....	97	77	68
Rep. of Korea.....	0	0	17.5				
Philippines.....	8.5	6.9	5.2	Total.....	97	77	222
Spain.....	8.2	5.2	10.4				
Malaysia.....	7.6	7.0	7.6	Green River, type 36			
Taiwan.....	18.9	18.9	33.9	United Kingdom.....	59	13	18
Egypt.....	14.9	14.9	10.4	Dahomey.....	16	293	0
Other countries.....	54.8	43.7	47.9	Zaire.....	0	0	117
				Other countries.....	297	20	0
Total.....	399.0	363.0	407.3	Total.....	372	326	135
Burley, type 31				Gigar Filler, types 41-44			
Italy.....	18.5	12.9	7.1	New Zealand.....	0	0	0
Sweden.....	2.2	1.2	1.2	France.....	112	55	44
Denmark.....	2.0	.9	2.1	Other countries.....	131	21	26
Netherlands.....	2.2	.6	.9				
Japan.....	10.4	10.3	14.8	Total.....	243	76	70
West Germany.....	7.0	1.2	1.7				
Switzerland.....	6.6	0	.5	Connecticut Binder, types 51-52			
South Korea.....	3.4	.3	2.0	West Germany.....	0	0	0
Thailand.....	6.6	6.6	4.6	United Kingdom.....	0	0	0
Philippines.....	4.8	2.1	3.3	Canada.....	6	6	0
Other countries.....	19.6	6.5	8.5	Other countries.....	24	24	20
				Total	30	30	20
Maryland, type 32				Wisconsin Binder, types 54-55			
Belgium-Luxembourg....	.8	.7	.8	Dominican Republic....	79	79	0
West Germany.....	.9	.3	1.2	Other countries.....	18	0	0
Switzerland.....	3.8	.9	2.1				
Other countries.....	1.6	.6	2.1	Total.....	97	79	0
Total.....	7.1	2.5	6.2	Cigar Wrapper, types 61-62 2/			
Ky.-Tenn. fire-cured, types 22-23				Black Fat			
Sweden.....	.3	.3	.5	Dahomey.....	785	450	910
Netherlands.....	9.3	3.6	8.6	Cameroon.....	297	218	196
Belgium-Luxembourg....	.5	.1	.1	Niger.....	410	342	0
France.....	2.4	1.2	1.8	Nigeria.....	505	4	214
Switzerland.....	.2	.2	.6	Togo.....	447	306	71
Other countries.....	3.0	.8	2.6	Other countries.....	255	61	88
Total.....	15.7	6.2	14.2	Total.....	2,699	1,381	1,479
Stems, Trimmings, and Scrap 2/							
Sweden.....	3.9	3.9	2.3				
Denmark.....	3.6	3.5	4.6				
United Kingdom.....	19.5	17.3	19.7				
West Germany.....	5.5	4.8	7.4				
Japan.....	28.3	28.3	16.0				
Other countries.....	38.0	33.1	25.0				
Total.....	98.8	90.9	75.0				

1/ Subject to revision. 2/ July-June crop year for flue-cured, cigar wrapper, stems, trimmings, and scrap; October-September crop for all other types.

Detail may not add to total due to rounding.

Compiled from publications and records of the Bureau of the Census.

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Christin, Arden G. and Cooper, Kenneth H., "Strategic Withdrawal from Cigarette Smoking," *Ca-A Cancer Journal for Clinicians*, March/April 1979, Vol. 29, No. 2, pp. 96-107. Summarizes pharmacological, psychic, and social effects of smoking. Discusses process of quitting cigarette smoking. Physical exercise is a proposed alternative behavior.

McDonald, Alonzo, "American Agriculture's Stake in the Tokyo Round," address by U.S. Deputy Special Representative for Trade Negotiations and Head of U.S. Delegation to the Tokyo Round of Multilateral Trade Negotiations, to the Agricultural Editors, Washington, D.C., April 23, 1979, 16 pp.

Cohn, Victor, "Killing Two Myths About Cigarettes," *Washington Post*, March 18, 1979, pp. D1-2. Discusses impact of antismoking efforts and Federal tobacco price supports on smoking. Concludes that except for teenagers, smoking has decreased primarily due to antismoking publicity since the mid-1950's. Concludes that tobacco price supports do not encourage cigarette smoking.

Coleman, Samuel et. al., *Tobacco-Hazards to Health and Human Reproduction*, Johns Hopkins University, Population Reports Series L, No. 1, March 1979, 39 pp. Includes discussion of relationship between use of tobacco and health, with emphasis on impact in developing countries. Summary of world use of tobacco, including various population segments. Discusses benefits and costs of tobacco use. References. Available from Hampton House, 624 North Broadway, Baltimore, Maryland 21205.

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Harris, Jeffrey E., "Cigarette Smoking in the United States," Mass. Inst. of Tech. Doc. 03, Jan. 1979, 20 pp. and tables. Appendix from *Smoking and Health*, 1979.¹

Koten, John, "Who Would Smoke Cigarettes Overloaded with Tar, Nicotine?" *Wall Street Journal*, March 20, 1979. Discusses "Camel" cigarettes including the characteristics of typical smokers.

Roberts, Edward B. et. al., "A Systems View of the Smoking Problem: Perspective and Limitations of the Role of Science in Decision-Making," Mass. Inst. of Tech. Doc. 04A, Oct. 1978, 32 pp. Describes simulation model for policy development and analysis.¹

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United Nations Conference on Trade and Development, *Marketing and Distribution of Tobacco*, TD/B/C.1/205, 1978. 122 pp. and annexes. Available from United Nations, Sales Section, New York, New York 10017. Prepared by UNCTAD secretariat. Study contends that seven large tobacco corporations or tobacco transnational conglomerates control each stage from leaf production through distribution of tobacco products in both developing and developed countries. The seven firms account for 39 percent of world cigarette output, with the balance accounted by other private firms (11 percent) and State tobacco monopolies (50 percent). Advertising expenditures for new and existing brands are used by large companies to control tobacco markets, according to the report. Most of the tobacco from developing countries is sold through multinational firms.

U.S. Bureau of the Census *1977 Census of Manufactures*, Industry Series Preliminary Reports MC77-1-21A-1(P). Preliminary information for the Cigarette Industry (SIC 2111), Cigars (SIC 2121), Chewing and Smoking Tobacco (SIC 2131) and Tobacco Stemming and Redrying (SIC 2141).

U.S. House 96th Cong., 1st Sess., *Five-day Selling Week for Flue-cured Tobacco*. Committee on Agriculture, Hearing before the Subcommittee on Tobacco, Feb. 15, 1979, Serial 96-A, 35 pp. Testimony and statements by farm organization and industry officials relative to USDA proposal.

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¹Prepared for Science and Decision, Bernard Gregory Colloquy Paris, France, Feb. 1, 1979. Available from Director of Conferences and Special Programs, Mass. Inst. of Tech., Cambridge, Mass. 02139.

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_____, "Flue-cured Tobacco, Allotted by Counties, 1979," supplement to *Tobacco Situation*, March 1979, 4 pp. Preliminary number of farm allotments and effective quota (pounds) given for

each county. Available from ESCS, Room 200 GHI Bldg., USDA, Washington, D.C. 20250.

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FLUE-CURED TOBACCO PRODUCTION COSTS: A PREVIEW OF 1979

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National Economics Division
Economics, Statistics, and Cooperatives Service

ABSTRACT: The cost of producing flue-cured tobacco will rise again in 1979. Higher tractor fuel, machinery, barn, labor, and fertilizer costs account for much of the increase. Midseason estimates indicate an increase of about 5.5 cents a pound over 1978. Production costs (excluding land, management, and allotment costs, are estimated at 82.4 cents a pound for a conventional harvest system and 79.1 cents a pound for a bulk barn system.

KEYWORDS: Flue-cured tobacco, production costs, tobacco harvest systems.

Introduction

The purpose of this article is to evaluate cost changes of various inputs and to estimate the changes in costs of producing flue-cured tobacco in 1979 compared with the costs in 1978, assuming constant yields.

To assess changes in production costs, budgets are estimated for commonly used harvest systems. Costs of producing flue-cured tobacco have been published in the *Tobacco Situation* in each of the last 5 years.¹ For comparison purposes, and to illustrate annual cost changes, the same basic assumptions, including yields, have been used.

The harvest systems utilized are: (1) A conventional barn, walking primers, and a tying machine, and (2) a bulk barn and priming aid. The conventional barn system has traditionally been used on tobacco farms. The bulk system is representative of labor-saving technology now used for more than half the flue-cured crop. Innovations accompanying bulk curing include one- and two-row self-propelled and tractor-drawn multipass automatic harvesters, and big-box curing. The

additional innovations described above generally require greater capital investment but less labor than the bulk barn system depicted.

Production costs vary widely due to management, labor productivity, and a host of other variables besides harvest system. These budgets do not reflect such variability, but rather they evaluate cost changes for specified situations.

Costs of 1979 Inputs

Most tobacco growers will find that the costs of producing their 1979 crop will be greater than in 1978. Total costs of flue-cured tobacco production in 1979, judging by input expenditures incurred through May, will likely increase about 5.6 cents a pound for the conventional system and 5.5 cents a pound for the bulk system (table 1).

Preharvest costs for 1979 are estimated about 7 percent higher than in 1978. Sharp increases have occurred in tractor fuel prices and interest rates. Machinery repair costs, labor costs, fertilizer, insecticide, and nematicide prices have risen.

Wage rates are 9 percent higher this year compared with an 11-percent jump last year. One reason that wage rates are rising a little more slowly this year is that the Federal minimum wage rate rose by 25 cents an hour to \$2.90 per hour compared with a 45-cent-an-hour increase last year.² The minimum wage rate affects both covered and

¹See *Tobacco Situation*, TS-149, "Flue-cured Tobacco Production and Prices, 1972-74," September 1974, pp. 37-42; *Tobacco Situation*, TS-152, "Flue-cured Tobacco Production Costs, A Preview of 1975," June 1975, pp. 29-32; *Tobacco Situation*, TS-156, "Price Support Level and Production Costs for the 1976 Flue-cured Tobacco Crop," July 1976, pp. 31-34; *Tobacco Situation*, TS-161, "Flue-cured Tobacco Production Costs, 1977," September 1977, pp. 38-40; and *Tobacco Situation*, TS-164, "Flue-cured Tobacco Production Costs: A Preview of 1978," June, 1978, pp. 29-32.

²Farm employers who hired 500 or more mandays of labor during at least one calendar quarter the previous year are subject to the Federal minimum rate.

non-covered farms, since they are competing for workers.

Tractor fuel prices jumped nearly 30 percent and continue to rise. The price of new farm machinery has risen and the fixed costs of machinery and equipment operation are somewhat higher than in 1978. Fertilizer prices are up about 4 percent.

Harvest costs are expected to rise by 7 percent (table 2). Besides increased wage rates, other major harvest cost increases include ownership costs of machinery used for harvest and the costs of both conventional and bulk barns.

The total cost of producing flue-cured tobacco in 1979 is expected to be more than 7 percent higher than in 1978. Costs for a conventional barn system

will likely rise from 76.8 cents a pound to 82.4 cents a pound and costs for the bulk barn system will likely rise from 73.6 cents to 79.1 cents a pound.

Conclusions

The upward trend in prices of inputs used in producing flue-cured tobacco will continue for many of the inputs in the 1979 crop year. Wage rates will rise a little more slowly this year but higher rates of increase for other inputs will result in a slightly higher rate of cost increase this year than last year.

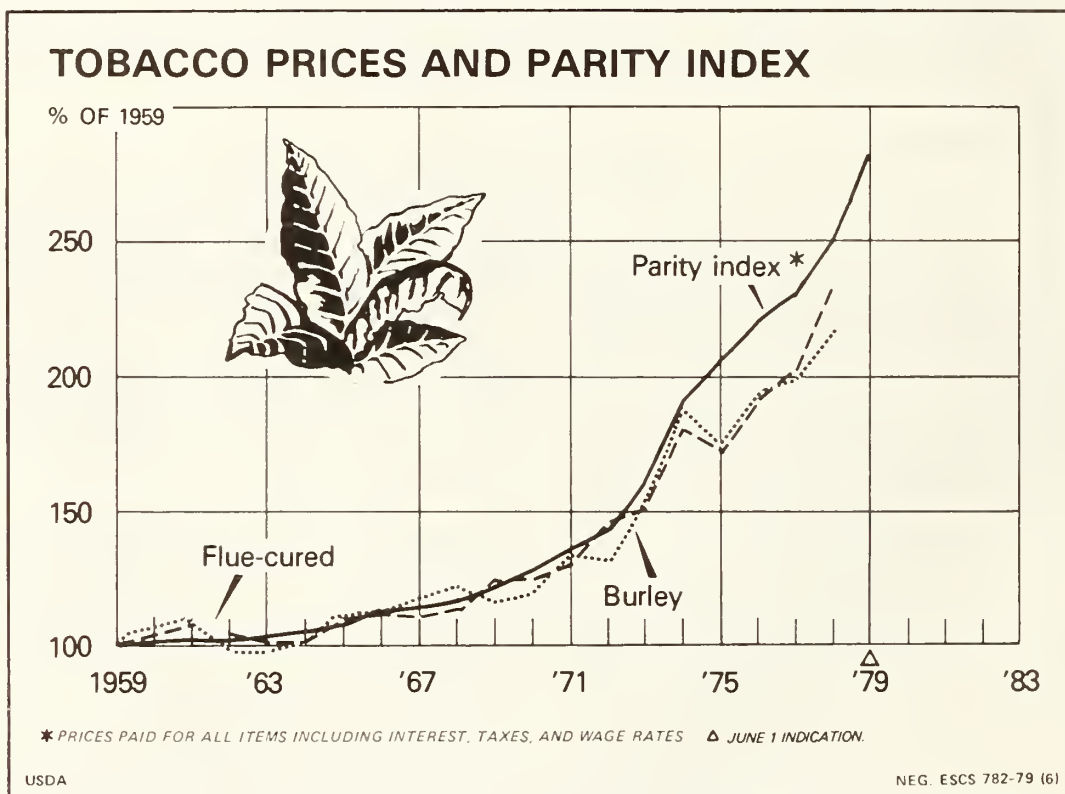


Table 1.--Estimated preharvest costs per acre for flue-cured tobacco, 1978 and 1979

Item	Unit	Quantity	1978 1/		1979 2/	
			Price	Value	Price	Value
			per unit		per unit	
Dollars						
Plant bed						
Fumigant	lb.	5.0	1.30	6.50	1.30	6.50
Fertilizer	cwt.	.5	5.00	2.50	5.15	2.58
Seed	oz.	.1	18.50	1.85	20.50	2.05
Fungicide	lb.	12.5	.12	1.50	.13	1.63
Insecticide	lb.	.33	.58	.19	.61	.20
Framing materials	---	---	---	4.37	---	4.89
Plastic cover	sq. yd.	60.0	.114	6.84	.114	6.84
Tractor and equipment 3/						
Fuel	gal.	1.3	.52	.68	.67	.87
Other	---		---	9.32	---	10.25
Labor	hr.	10.15	4/ 2.53	25.68	4/ 2.75	27.91
Interest on operating costs	dol.		.084	3.33	.104	4.42
Subtotal				62.76		68.14
Preharvest						
Nematicide	lb.	56.0	.82	45.92	.88	49.28
Fertilizer	cwt.	16.0	6.30	100.80	6.49	103.84
Herbicide	qt.	1.0	14.00	14.00	14.00	14.00
Insecticide	gal.	1.0	17.66	17.66	18.54	18.54
Sucker control	gal.	3.0	9.70	29.10	9.70	29.10
Tractor and equipment 3/						
Fuel	gal.	22.7	.52	11.80	.67	15.21
Other				57.20	---	62.92
Insurance	\$100	12.5	5.00	62.50	5.00	62.50
Labor	hr.	65.2	4/ 2.53	164.96	4/ 2.75	179.30
Interest on operating costs	dol.		.084	21.17	.104	27.80
Subtotal				525.11		562.49
Total preharvest costs				587.87		630.63

1/ Costs for 1978 taken from "Flue-cured Tobacco Production Costs -- A preview of 1978," Verner N. Grise, Tobacco Situation, TS-164, June 1978, pp. 29-32.

2/ Estimated costs of inputs based on April and May input prices.

3/ Tractor and equipment costs include a small and a large tractor. Fixed costs of machinery based on 500 hours of annual use of small tractor and 750 hours annual use of large tractor.

4/ Labor cost estimates based on wage rate increases for field workers from April 9-15, 1978 to April 8-14, 1979.

Table 2.--Estimated harvest and total costs per acre for flue-cured tobacco, conventional barn and bulk barn harvest systems, 1978 and 1979

Item	Unit	Quantity	1978 1/		1979 2/	
			Price	Value	Price	Value
			per unit		per unit	
			Dollars			
			Conventional barn 3/			
Preharvest costs				587.87		630.63
Harvest costs						
Fuel	gal.	408.0	.47	191.76	.47	191.76
Electricity	kil. hr.	63.0	.052	3.28	.056	3.53
Twine	lb.	5.0	3.16	15.80	3.29	16.45
Sticks	---		---	7.38	---	7.38
Sheets	---		---	3.06	---	3.30
Tying machine 4/	hr.	6.0	7.35	44.10	7.86	47.16
Tractor and equipment 5/						
Fuel	gal.	47.2	.52	24.54	.67	31.62
Other	---		---	104.15	---	114.57
Barn 6/	acre	1.0	112.13	112.13	122.22	122.22
Marketing	lb.	2,100.0	3% @ 1.21	76.23	3% @ 1.29	81.27
Labor	hr.	175.0	7/ 2.53	442.75	7/ 2.75	481.25
Total harvest expenses 8/				1,025.18		1,100.51
Total expenses 8/				1,613.05		1,731.14
Cost per pound 8/				.768		.824
				Dollars		
				Bulk barn 9/		
Preharvest costs				587.87		630.63
Harvest costs						
Fuel	gal.	362.0	.47	170.14	.47	170.14
Electricity	kil. hr.	840.0	.052	43.68	.056	47.04
Sheets	---	---	---	3.06	---	3.30
Riding primer 10/	hr.	5.0	15.01	75.05	16.21	81.05
Tractor and equipment 5/						
Fuel	gal.	36.4	.52	18.93	.67	24.39
Other	---	---	---	80.37	---	88.41
Barn	acre	1.0	225.44	225.44	245.73	245.73
Marketing	lb.	2,100.0	3% @ 1.21	76.23	3% @ 1.29	81.27
Labor	hr.	105.0	7/ 2.53	265.65	7/ 2.75	288.75
Total harvest expenses 8/				958.55		1,030.08
Total expenses 8/				1,546.42		1,660.71
Costs per pound 8/				.736		.791

1/ Costs for 1978 taken from "Flue-cured Tobacco Production Costs--A Preview of 1978," Verner N. Grise, Tobacco Situation, TS-164, June 1978, pp. 29-32. A yield of 2,100 pounds is assumed. 2/ Estimated costs of inputs primarily based on April and May 1979 input costs. 3/ Costs are calculated for tobacco primed by walking primers, with the leaf put on sticks by tying machine and cured in conventional barn. 4/ Fixed costs based on 72 hours annual use. 5/ Tractor and equipment costs include a small and a large tractor. Fixed costs of machinery based on 500 hours annual use of small tractor and 750 hours annual use of large tractor. Fuel and other costs for hauling are included in equipment estimates. 6/ Fixed costs based on curing 12 acres of tobacco annually. 7/ Labor cost estimates based on wage rate increases for hired field workers from April 9-15, 1978 to April 8-14, 1979. 8/ Excluding cost for land, management, and tobacco allotment. 9/ Costs are calculated for tobacco primed by tractor drawn priming aid and cured in bulk barn. 10/ Fixed costs based on 60 hours annual use.

STATISTICAL SUMMARY

Item	Unit or base period	1978		1979			Last data as percentage of a year earlier
		April	May	March	April	May	
Average price at auctions							
Flue-cured	Ct. per lb.	Closed	Closed	Closed	Closed	Closed	---
Burley	Ct. per lb.	105.5	Closed	123.0	Closed	Closed	---
Maryland	Ct. per lb.	119.0	113.0	Closed	124.5	121.5	108
Virginia fire-cured	Ct. per lb.	Closed	Closed	Closed	Closed	Closed	---
Ky.-Tenn. fire-cured	Ct. per lb.	95.0	Closed	103.4	80.9	Closed	85
Ky.-Tenn. dark air-cured	Ct. per lb.	Closed	Closed	Closed	Closed	Closed	---
Virginia sun-cured	Ct. per lb.	Closed	Closed	Closed	Closed	Closed	---
Price support level <u>1/</u>							
Flue-cured	Ct. per lb.	121.0		**	129.3		107
Burley	Ct. per lb.	124.7		**	133.3		107
Virginia fire-cured	Ct. per lb.	84.6		**	90.3		107
Ky.-Tenn. fire-cured	Ct. per lb.	84.6		**	90.3		107
Ky.-Tenn. dark air-cured	Ct. per lb.	75.2		**	80.4		107
Virginia sun-cured	Ct. per lb.	75.2		**	80.4		107
Connecticut Valley cigar binder	Ct. per lb.	86.3		**	97.3		107
Wis. binder and Ohio filler	Ct. per lb.	62.3		**	66.6		107
Puerto Rican filler	Ct. per lb.	64.7		**	69.2		107
Parity index <u>2/</u>	1910-14=100	736	744	826	837	841	113
Industrial production index <u>3/</u>	1967=100	143.0	144.3	152.2			
Employment	Mil.	93.8	94.1	96.8			
Personal income <u>4/</u>	Bil. dol.	1,670.2	1,681.4	1,851.2			
		1978		1979			
		March	April	February	March	April	
Taxable removals							
Cigarettes	Bil.	55.3	50.2	48.6	58.9		107
Cigars and cigarillos	Mil.	418.4	371.7	336.9	428.0		102
Accumulated from Jan. 1							
Cigarettes	Bil.	153.1	203.3	104.1	162.9		106
Cigars and cigarillos	Mil.	1,123.6	1,495.3	627.2	1,055.1		94
Invoiced to domestic customers							
Accumulated from Jan. 1							
Smoking tobacco	Mil. lb.	8.8			8.2		93
Chewing tobacco	Mil. lb.	20.0			22.7		114
Snuff	Mil. lb.	6.0			5.9		98
Tax-exempt removals							
Cigarettes	Bil.	7.4	6.9	6.8	8.9		120
Exports	Bil.	6.6	5.4	5.6	7.7	6.4	119
Cigars and cigarillos	Mil.	15.8	15.0	15.4	15.7		99
Accumulated from Jan. 1							
Cigarettes	Bil.	19.6	26.5	13.6	22.5		115
Exports	Bil.	16.5	21.8	10.0	17.8	24.2	111
Cigars and cigarillos	Mil.	34.7	49.7	22.9	38.6		111
Invoiced for export							
Accumulated from Jan. 1							
Smoking tobacco	Mil. lb.		.2		.2		100
Chewing tobacco	Mil. lb.		.3		.3		100
Producer price indexes <u>5/</u>							
Tobacco products	1967=100	190.9	191.4	213.4	213.8	213.9	112
Cigarettes (filtertip, king size)	1967=100	199.4	199.4	224.4	224.4	224.4	113
Cigars	1967=100	136.5	138.4	140.6	142.4	142.7	103
Smoking tobacco	1967=100	211.1	213.5	222.5	230.2	231.0	108
Plug chewing tobacco	1967=100	220.9	230.1	246.9	246.9	246.9	107
Snuff	1967=100	239.1	240.7	258.5	258.5	258.5	107
Consumer price indexes (urban)							
Tobacco products	1967=100	176.8	176.9	185.2	185.8	186.1	105
Cigarettes	1967=100	177.0	177.2	187.9	188.4	188.6	106
Other tobacco products <u>6/</u>	Dec. 1977=100	139.3	139.8	107.9	108.9	109.5	78
Imports of tobacco							
Cigarette leaf	Mil. lb.	15.8	15.1	19.1	14.4	13.0	86
Cigar tobacco <u>7/</u>	Mil. lb.	3.9	4.4	4.5	5.8	5.2	118
Accumulated from Jan. 1							
Cigarette leaf	Mil. lb.	49.0	64.1	37.6	55.5	68.5	107
Cigar tobacco <u>7/</u>	Mil. lb.	14.7	19.1	10.6	16.5	21.7	114

See footnotes at end of table.

59%

STATISTICAL SUMMARY--CONTINUED

Item	Unit or base period	1978		1979		Last data as percentage of a year earlier	
		March	April	February	March		April
Exports of leaf tobacco							
(farm-sales weight)							
Flue-cured	Mil. lb.	53.8	31.4	51.6	39.3	37.4	119
Burley	Mil. lb.	26.9	11.1	4.6	25.2	20.7	186
Maryland	Mil. lb.	1.2	.5	1.2	.5	.8	160
Virginia fire- & sun-cured	Mil. lb.	.3	.3	.2	.5	.9	300
Ky.-Tenn. fire-cured	Mil. lb.	1.2	1.4	.5	1.4	2.1	200
Ky.-Tenn. dark air-cured	Mil. lb.	.2	.2	.1	.1	.1	50
Cigar wrapper	Mil. lb.	.4	.4	.4	.4	.7	175
Cigar binder	Mil. lb.	0	0	0	0	0	---
Accumulated from beginning of marketing year <u>8/</u>							
Flue-cured	Mil. lb.	460.4	491.8	476.8	518.1	555.5 *	113
Burley	Mil. lb.	47.7	58.8	21.0	46.2	66.9	114
Maryland	Mil. lb.	2.8	3.3	7.0	7.5	8.3	252
Virginia fire- & sun-cured	Mil. lb.	1.0	1.3	1.2	1.7	2.6	200
Ky.-Tenn. fire-cured <u>9/</u>	Mil. lb.	5.8	7.3	12.3	13.7	15.8	216
Ky.-Tenn. dark air-cured <u>9/</u>	Mil. lb.	1.2	1.4	1.4	1.5	1.6	180
Cigar wrapper	Mil. lb.	3.6	4.0	3.2	3.6	4.3	109
Cigar binder	Mil. lb.	.1	.1	*	*	*	---
Cigar filler	Mil. lb.	.1	.1	*	*	.1	100
Exports of manufactured tobacco in bulk and not elsewhere classified <u>10/</u>	Mil. lb.	.3	.3	.3	.9	1.7	567
Accumulated from Jan. 1	Mil. lb.	.8	1.1	1.0	1.9	3.6	327
		Quarterly data					
		1978		1979			
		Jan.-Mar.	April-June	Jan.-Mar.	April-June		
Stocks of tobacco--1st of quarter (farm-sales weight) <u>11/</u>							
Domestic types							
Flue-cured	Mil. lb.	2,574	2,273	2,600	2,306		101
Burley	Mil. lb.	1,558	1,503	1,490	1,519		101
Maryland	Mil. lb.	45	41	42	38		93
Fire-cured	Mil. lb.	42	77	47	85		110
Dark air- and sun-cured	Mil. lb.	31	35	33	43		123
Cigar filler	Mil. lb.	56	78	63	83		106
Cigar binder	Mil. lb.	44	59	49	61		103
Cigar wrapper	Mil. lb.	12	14	11	11		79
Under Government loan <u>12/</u>	Mil. lb.	763	709	714	798		113
Foreign types							
Cigarette and smoking	Mil. lb.	598	604	636	655		108
Oriental	Mil. lb.	337	344	329	359		104
Flue-cured	Mil. lb.	117	120	134	133		111
Burley	Mil. lb.	144	140	173	163		116
Cigar	Mil. lb.	100	101	77	100		98
Tobacco outlets <u>13/</u>							
Seasonally adjusted data, annual rates, for charts, p. 2							
Cigarettes							
Production	Bil.	673.7	719.6	718.7	673.9		94
Tax-paid removals	Bil.	603.5	641.7	643.0	582.7		91
Cigar production							
Large	Bil.	4.89	5.02	4.65	4.77		95
Small	Bil.	1.82	2.03	1.65	1.60		79
Smoking production	Mil. lb.	37.4	38.2	34.8	36.3		95
Chewing production							
Loose leaf	Mil. lb.	65.6	66.0	66.1	68.0		103
Plug and other	Mil. lb.	28.9	30.0	30.0	30.6		102
Snuff production	Mil. lb.	25.9	25.4	24.1	25.4		100
Exports of leaf							
Total	Mil. lb.	870.0	503.3	835.2	497.0		99
Flue-cured	Mil. lb.	635.1	359.1	576.0	450.0		125

1/ 1978 and 1979 crops, respectively. 2/ Prices paid by farmers including interest, taxes and wage rates. 3/ Seasonally adjusted. 4/ Seasonally adjusted, annual rate. 5/ Federal and applicable state and local taxes included. 6/ Includes tobacco accessories. 7/ Farm-sales weight equivalent. 8/ July 1 for flue-cured and cigar wrapper and October 1 for others. 9/ Includes Black Fat. 10/ Smoking tobacco in bulk through December 1977. Beginning January 1978 blended strips no longer included. 11/ Holdings of manufacturers and dealers, including grower cooperatives. 12/ Reported by grower cooperatives. 13/ Latest quarter is estimated. *Less than 50,000 pounds. **Estimated. Detail may not add due to rounding.

Table 23--Tobacco Industries statistics, 1972-77

Industry and item	1972	1977	Percent change, 1972-77	All employees			1972	1977	Percent change, 1972-77	Payroll		
				Number	Thousands	Percent				Million dollars	1972	1977
Cigarettes	12	14	+ 17		38.1			39.0	+ 2	286.4	442.0	+ 54
Cigars	132	98	- 26		13.5			7.7	- 43	357.5	256.1	- 28
Smoking and chewing tobacco	37	35	- 6		3.3			3.2	- 3	23.0	32.1	+ 40
Stemming and redrying	91	78	- 14		11.4			10.7	- 6	66.0	96.1	+ 46
Total	272	225	- 17		66.3			60.6	- 9	732.9	826.3	+ 13
Value added by manufacture	1972	1977	Percent change, 1972-77	Cost of materials			1972	1977	Percent change, 1972-77	Value of production		
				Million dollars	Million dollars	Percent				Million dollars	1972	1977
Cigarettes	2,187.8	3,811.8	+ 74		1,554.3			2,565.5	+ 65	3,743.6	6,378.0	+ 70
Cigars	191.9	125.9	- 34		146.7			117.8	- 20	338.7	242.6	- 28
Smoking and chewing tobacco	103.2	188.9	+ 83		77.3			166.4	+ 215	180.2	354.3	+ 97
Stemming and redrying	153.6	216.9	+ 41		1,502.4			1,872.0	+ 125	1,656.8	2,076.2	+ 25
Total	2,636.5	4,343.5	+ 65		3,280.7			4,721.7	+ 44	1/	1/	1/
New capital expenditures	1972	1977	Percent change, 1972-77	Value of fixed assets			1972	1977	Percent change, 1972-77	Year end inventories		
				Million dollars	Million dollars	Percent				Million dollars	1972	1977
Cigarettes	101.5	118.0	+ 16		2/729.9			1,281.4	+ 76	1,700.3	2,652.2	+ 56
Cigars	5.4	3.3	- 39		94.4			68.1	- 28	62.5	52.7	- 16
Smoking and chewing tobacco	12.1	7.3	- 40		56.4			79.4	+ 41	40.0	99.8	+ 250
Stemming and redrying	14.1	52.9	+ 375		225.1			388.2	+ 72	690.1	902.2	+ 31
Total	133.1	181.5	+ 36		1,105.8			1,817.1	+ 64	2,492.9	3,706.9	+ 49

1/ Contains duplication; not additive.

2/ Not reported. Average of 1971 and 1973 Annual Survey of Manufactures.

Compiled from: U.S. Bureau of the Census, 1977 Census of Manufactures Industry Series, Preliminary Report, MC77-1-21A1(P), 1979.

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TS-168

JUNE 1979

November 5-8, 1979 is the date set for the next National Agricultural Outlook Conference to be held at the United States Department of Agriculture, Washington, D.C. Look for program details in the next *Tobacco Situation*, TS-169.